STATE OF MINNESOTA DISTRICT COURT
COUNTY OF RAMSEY SECOND JUDICIAL DISTRICT

- -

The State of Minnesota,
by Hubert H. Humphrey, III,
its attorney general,
and Blue Cross and Blue Shield
of Minnesota,

Plaintiffs,

vs. File No. C1-94-8565

Philip Morris Incorporated, R.J.
Reynolds Tobacco Company, Brown
& Williamson Tobacco Corporation,
B.A.T. Industries P.L.C., Lorillard
Tobacco Company, The American
Tobacco Company, Liggett Group, Inc.,
The Council for Tobacco Research-U.S.A.,
Inc., and The Tobacco Institute, Inc.,

Defendants.

- -

DEPOSITION OF CLAUDE E. TEAGUE, JR.
Volume III, Pages 254 - 403

(The following is the Deposition of CLAUDE E. TEAGUE, JR., taken pursuant to Notice of Taking Deposition, by videotape, at the offices of Womble Carlyle Sandridge & Rice, Attorneys at Law, 200 West Second Street, Winston-Salem, North Carolina, on July 10, 1997, commencing at approximately 1:28 o'clock p.m.)

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E X A M I N A T I O N I N D E X

WITNESS	EXAMINED BY	PAGE
Claude E. Teague, Jr.	Mr. O'Fallon	259

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E X H I B I T I N D E X

EXHIBIT	DESCRIPTION	PAGE
Plaintiffs'		
1095	Document,"Personal Contracts," 511223460 to 3462	259
1096	Research Planning Memorandum, 50298 7357 to 7368	282
1097	R.J. Reynolds Industries, Inc., Internal Resume, Claude E. Teague, Jr., 3 pgs.	284
1098	Conference Report #23, 6/5/74, 50118 6367 to 6369	322
1099	Typed note, Teague to Blevins, 7/18/73, 50079 0796	383

P R O C E E D I N G S

(Plaintiffs' Deposition Exhibit 1095 was marked for identification.)

(Witness previously sworn.)

CLAUDE E. TEAGUE, JR.

called as a witness, being previously sworn, was examined and testified as follows:

ADVERSE EXAMINATION

BY MR. O'FALLON:

Q. Dr. Teague, when we left off yesterday we were looking at Exhibit 1094, and specifically we were on page last four Bates numbers 8510, which I'm now handing you.

A. Eight five --

Q. And again what we are looking at here is the use of ammonium by R.J. Reynolds in its various cigarettes. I'd ask you to look at the first --

A. Give me one second. Let me get back and see what this is and who wrote it and what. Okay. Bernasek and Nystrom. Thank you.

Q. I'd like you to go back to 8510, and I'd like you to turn your attention to the first full paragraph after the parenthetical 7 paragraph.

A. Uh-huh.

Q. Do you see where I'm at?

A. "Based on the above observations" --

Q. Right. The document indicates, Based on the above observations, it was decided to investigate the use of ammoniated reconstituted tobacco (G7A) as a means of increasing the smoke pH of RJRT's cigarette products." NFO tests indicate smokers prefer products containing G7A over products containing only

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G7, parenthetical, untreated reconstituted tobacco"; correct?
A. Uh-huh.
Q. And NFO tests are the National Family Organization tests; right?
A. Yeah. I couldn't place it.
Q. Those are consumer tests; correct, sir?
A. Some kind of outside panel of smokers, I think.
Q. It then states, "Since the introduction in CAMEL filter in 1975, G7A has been tested and/or introduced in nineteen additional brands"; correct?
A. That's what it says.
Q. So it would appear that as of 1982, RJR has used ammonia in approximately 19 additional brands to increase smoke pH; correct?
A. I don't know since then. I know apparently at that time. And whether they continued that I -- I obviously wouldn't have any knowledge.

Q. But at least from 1975 to 1982 it looks like they were using ammoniated tobacco in the cigarettes to increase smoke pH; correct?
A. "Ammoniated tobacco"?
Q. Ammoniated reconstituted tobacco.
A. Okay. Recons -- G7.
Q. G7A.
A. Okay.
Q. Correct?
A. I -- I don't know where you -- you got the date "since 1974" but --
Q. Well I think I said 1975. That was in another document we looked at yesterday that indicated '74 to '75 R. J. Reynolds used ammoniated tobacco --
A. Did they? I don't know.
Q. -- in the Camel filter; correct?
A. I don't know. I mean, if you say so. I --
Q. That's what -- The document says so; right? It's not me saying it, it's the documents that say it.
A. Like I say, I don't remember. I saw a bunch of documents. I don't remember that. But if you want to show it to me I'd be glad -- yeah, I think I pointed out that I was gone in 1975, wasn't I?
Q. You were gone from R&D.

A. Right.
Q. You hadn't left the company.
A. No, no. I was in corporate finance, budgeting, whatever.
Q. And then you came back to R&D at some point; correct?
A. '80-'81, but not in -- Okay. Go ahead.
Q. So you were fully in R&D at the time this particular memo was written, weren't you; 1982?
A. 1982, well technically, yes. I wasn't involved

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in this kind of thing I don't believe.
Q. Now in 1983 you sent a copy of a document that we've been referring to here yesterday in some detail, document 1058, the -- entitled the "IMPLICATIONS AND ACTIVITIES ARISING FROM CORRELATION OF SMOKE PH WITH NICOTINE IMPACT, OTHER SMOKE QUALITIES, AND CIGARETTE SALES." You sent that document to Bob DiMarco, didn't you?
A. In 1983?
Q. Yes.
A. Does it show -- Well, it wouldn't show on the distribution, would it?
Q. I'm asking you out of your own recollection, sir.
A. I don't remember sending it to DiMarco, no.

Q. I'm going to show you what we have marked as Plaintiffs' Exhibit 1095, it's a document Bates stamp numbered 511223460 through 3462. This is a document that was designated by the defendants, R.J. Reynolds, for use in your deposition. Do you recognize this document?
A. It's my handwriting, I believe. This is where we were in '73. I want to scan the first four pages. I don't know what that --
Q. Let's look on page --
First of all, let's look on the third page of the document, sir.
A. Let me --
Q. Let's look on page 3462. Page 3462 is a memo dated October 2nd, 1973 from you to a Mr. William D. Hobbs; correct?
A. Yes, sir.
Q. And it's "Re:" A "Report on, quote, Implications and Activities Arising from Correlation of Smoke pH with Nicotine Impact, Other Smoke Qualities, and Cigarette Sales"; correct?
A. Yes, sir, that's what it says.
Q. That's the same title that we have on Deposition Exhibit 1058; correct, sir?
A. What is 10 --

Q. It's right there.
A. This one?
Q. Right.
A. Yes, sir, that's correct.
Q. So it would appear that in 1973 you were sending the report which we have had marked as 1058 to Mr. Hobbs; correct?
A. That would be a logical conclusion, yes, sir.
Q. And you in fact say in your memo, quote, "I hope the attached report is about what you had in mind. The text is just over four pages long. The rest is back-up material; the thirteen charts used in our presentations, and the three appendices"; correct?

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A. That's what it says, yes, sir.
Q. Now who is Mr. Hobbs? What was his title in 1973?
A. I think at that time he was president of the tobacco company. I'm not certain but I --
Q. So you sent your report directly to the president of the tobacco company; correct?
A. Yes, sure. He asked -- Apparently he had requested it.
Q. Now --
A. The first sentence says "I hope the attached report is about what you had in mind." Somebody must

have told him about it, yeah.
Q. Okay. Let's look back, then, to the document that we have marked as 1095. Okay? You are at that document. I think that's there on top.
A. Ten --
Q. And let's go to the second page of that document.
A. Wait a minute. 1095, one page, two pages.
Q. Okay. You on the second page? That's Bates numbered 511223461.
A. That's the one we were just -- We just read that a minute ago.
Q. And that's your handwriting there, isn't it?
A. At the top.
Q. Why don't you read that handwriting for me and tell me what it says.
A. I just read it for you.
Q. Read it again for the record.
A. Okay. I read it for the record. Well okay. No problem. "Bob, dash, this is where we were in comma or whatever '73. You may want to skim/scan the first 4 pages."
Q. And then you sign it; correct, "Claude"?
MR. McELVEEN: I have a better copy if you would like to --

THE WITNESS: I think that's -- I have high blood pressure and my eyes are not focusing very well, but it will get better.
A. I believe that's right.
Q. Okay. And is "Bob," Bob DiMarco?
A. I believe so.
Q. Who at that time held what position?
A. He was some kind of vice president of R&D. I don't know whether he was a senior executive, staff or something but --
Q. And then --
A. But I don't know what his --
Q. Why don't you look on this copy of the document.
A. Oh, yeah, that's my --
Q. It appears that he writes back, quote, "Thank you, Claude. Looks like we are still there in 1983.

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Bob." Correct?
A. That's what it looks like to me.
Q. Thus the state of R.J. Reynolds' knowledge about the manipulation of pH was the same in 1983 as it was in 1973; correct?
MR. McELVEEN: Objection to the characterization.
MR. DAVIS: Objection.
A. This is his statement.

Q. Now when you were studying the effect of increased pH and manipulation by Philip Morris of the free nicotine, one of your key areas of concern was the beginning smoker; correct?
A. I don't think so.
Q. You were concerned that the beginning smokers were starting to like and accept a new kind of cigarette, this Marlboro with increased pH and ammonia and increased free nicotine; correct?
A. I don't think it was a new kind of cigarette. It was maybe a different kind of cigarette.
Q. I think you referred to it in one document as a new market; correct?
A. I don't remember that. I don't doubt that I did. I just don't remember it.
MR. McELVEEN: Can I get my copy of the document back?
THE WITNESS: Oh, sure. I'm sorry, sir.
MR. McELVEEN: Thanks.
BY MR. O'FALLON:
Q. I'm going to show you a document that's been previously marked as Plaintiffs' Exhibit 1060.
A. Okay. Are we through with these?
Q. Yes, we are.
A. Okay. 1060. Okay.

Q. Do you recognize that document?
A. I haven't looked at it yet. If you will give me a second to shuffle these papers.
Q. While you are looking at it, let me identify it for the record. This is a document that's Bates stamp numbered 500917535 through 500917548.
A. Somehow I have two copies. Whose -- Do you get one or --
MR. McELVEEN: I think we needed an extra one down here if you don't mind. Thanks.
A. Could I glance at this a second?
Q. Sure.
A. Okay. Who wrote this, and when?
Q. Do you recognize this document, sir?
A. I sure don't. Flipping through it I see some charts and things that I think were in one of those we just talked about.
Q. You do not recall writing this document?
A. No, I don't.

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Q. Do you recall whether this is a document that was out of your file?
A. Out of my file? Where, at Reynolds?
Q. Was this a document in your files at Reynolds?
A. I don't think so. It could have been.
Q. Why don't you look at pages 7547.

A. 754 -- 7547. Okay. Page 4 at the top of the page?
Q. That's right.
A. Okay.
Q. Do you see some handwriting on that document?
A. Thank you.
Q. Is that your handwriting?
A. Right.
Q. Okay. So this is apparently a document that if you didn't author, at least at one point you saw and wrote on it; correct?
A. That would be my assumption, yes, uh-huh.
Q. Because of the fact it contains your handwriting.
A. "Several other pH variables of Winston and Marlboro" --
Q. As a matter of fact, --
A. Okay. I just wanted to --
Q. Why don't you take a look at page 7544, which is the first page of the text of this document.
A. Yes, sir.
Q. Okay. And if you look at the bottom there is a -- another handwritten note; correct?
A. 7544, says "outline"?
Q. Right. You see, look at that bottom. Do you

see "numbers"? Do you see where there is a cross on "members" and then do you see "numbers" written on top?
A. At the bottom it says "members."
Q. Right.
A. I guess it was corrected to read "numbers."
Q. And is that your handwriting?
A. That's hard to say. It looks like my handwriting.
Q. It appears you are actually revising this document; correct, sir?
A. At some point. When I don't know.
Q. So at least at some point you had the opportunity to read this document and revise this document; correct?
MR. DAVIS: Objection.
A. I certainly -- I wrote some on the other -- the previous thing and I apparently corrected "members" to read "numbers" here. Now when that was, I have no idea.
Q. Let's look at number 2 under "DISCUSSIONS AND CONCLUSIONS." You state --

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A. Could I read number 1, see where we are going just a second? Do you mind?
Q. Okay.

A. "OVER SOME YEARS, MARLBOROS, AND TO A LESSER DEGREE KOOLS, HAVE HAD THE SAME AMOUNTS OF TAR AND NICOTINE AS WINSTONS, SALEMS AND COMPARABLE BLENDS." Okay.
Q. Number 2 says, "IN RECENT YEARS, MARLBOROS, AND TO A LESSER EXTENT KOOLS, HAVE SHOWN CONSISTENTLY HIGHER SMOKE PH THAN WINSTONS, SALEMS, AND COMPARABLE BRANDS -- HENCE MORE FREE NICOTINE"; correct?
A. That's what it says.
Q. And then number 4 states, and this is a question I asked you about earlier today, what has emerged then, or may still be emerging, is a new and distinguishingly different type of cigarette -- perhaps --
A. Distinguishably.
MR. McELVEEN: Distinguishably, I believe.
Q. -- distinguishably different type of cigarette -- perhaps a type with 1955 nicotine impact and 1973 tar and nicotine numbers; correct?
A. That's what it says, yes, sir.
Q. Let's look at number 6 on the next page, page 2, last four Bates numbers 7545. Are you there?
A. Just a second. Number 6. Okay.
Q. It says, "WHAT WE ARE SEEING AND MEASURING FITS WHAT WE KNOW ABOUT PHILIP MORRIS AND BROWN AND

WILLIAMSON PRODUCT PHILOSOPHIES. THEY APPEAR TO DESIGN PRODUCTS PRIMARILY TO DELIVER OPTIMUM NICOTINE IMPACT AND SATISFACTION -- AIMING ALSO AT A RELATIVELY BLAND SMOKE, LETTING FLAVOR FALL WHERE IT WILL. PHILIP MORRIS APPEARS TO BE FAR MORE SOPHISTICATED IN THIS RESPECT THAN BROWN AND WILLIAMSON -- WHO OF COURSE CAN MASK A MULTITUDE OF SINS BEHIND MENTHOL"; correct?
A. That's what it says.
Q. In other words, Philip Morris and Brown & Williamson are designing products and manipulating nicotine to hit a certain optimum level; correct?
A. That's pure speculation on my part. I don't -- I don't know that to be true. That was kind of the -- the premise that we were -- we were looking for differences.
Q. And that's what you state here to be your conclusion based on your review; correct?
A. Well --
MR. McELVEEN: Objection. I don't think he's identified this as his document.
A. -- speculation. I don't know whether it was a conclusion. I don't think it was a conclusion, or if it was it -- I think now I think it was the wrong conclusion, but whatever. Whoever made the

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conclusion.
Q. At number 7 you state, "WE CANNOT KNOW, AT THIS TIME, HOW MUCH FURTHER MARLBORO (AND KOOL) WILL GO IN THE DIRECTION OF HIGHER SMOKE pH AND ASSOCIATED SMOKE QUALITIES. IF THEY GO TOO FAR THEY WILL PROBABLY MOVE INTO THE CIGAR AREA AND MAY BECOME TOO HARSH TO INHALE"; correct?
A. You say "I state." We haven't decided who wrote this. It was a document. It was a presentation document apparently but, you know --
Q. Do you recall making a presentation on pH?
A. I made some presentations but --
Q. Did anybody else you know of make a presentation on smoke pH?
A. I think so, yeah.
Q. Who would that have been, sir?
A. That I don't know.
Q. Why would you be revising a document that wasn't your own document?
A. Well, I -- if there is a typo, I see it, I usually correct it. That was one of the revisions here, wasn't it? We agreed on that.
Q. And we also know much of the information contained in this document is also contained in Exhibit 1058 which was clearly authored by you;

correct, sir?
A. 1058? I don't know them by number. Can you show me which one it is?
Right. Okay. It has a lot of the same materials.
Q. And presumably since you are revising this document, if there are statements in this document, that is, document 1060 that you disagree with, you would have put that down here; correct?
MR. DAVIS: Objection.
A. Why would I?
Q. That would have certainly been reasonable. You feel perfectly willing to make revisions throughout this document any time you see something you either disagree with or need addition to or want to change; correct?
MR. DAVIS: Objection.
A. I may have read it five years later and felt, well, I need to clarify that, whoever wrote it or whatever. I just -- I don't think we have established that I wrote this. I think we have clearly established that I did write in some -- some comments or corrections or whatever on it.
Q. So we have established that you reviewed the document previously; correct?

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A. Before today, sure.
Q. We have established that you made revisions where you thought necessary; correct?
A. I believe so, yeah.
Q. Number 8 says, "BOTH MARLBORO AND KOOL ARE CURRENTLY SELLING WELL. WE UNDERSTAND THAT ABOUT 40% OF BEGINNING SMOKERS ARE SMOKING MARLBOROS"; correct?
A. That's what it says.
Q. At number 9 it states, "SUBSTANTIAL NUMBERS OF SMOKERS ARE LEARNING TO LIKE AND USE PRODUCTS WITH SMOKING QUALITIES SIGNIFICANTLY DIFFERENT FROM THOSE OF OUR STANDARD BRANDS. IF THE DIFFERENCE REMAINS OR INCREASES, THE PROBABILITY OF A SMOKER SWITCHING FROM A MARLBORO OR KOOL TO A WINSTON OR SALEM -- THAT IS, FROM ONE DISTINCT TYPE TO ANOTHER -- IS FAIRLY LOW -- UNLESS HE SEES SOME COMPELLING REASON TO REALLY, IN A SENSE, RE-LEARN TO SMOKE"; correct?
A. That's what it says, yes, sir.
Q. It then says, "FOR THIS REASON, I DO NOT THINK WE NEED TO WORRY MUCH ABOUT LOSING CONFIRMED WINSTON SMOKERS TO MARLBORO -- OR TO A LESSER DEGREE SALEM SMOKERS TO KOOL -- SO LONG AS WINSTON AND SALEM DO NOT CHANGE MUCH."
You do conclude, however, that, quote, we do need --

Or someone concludes, and you don't disagree with it apparently, quote, "WE DO NEED TO WORRY ABOUT THE MANY BEGINNING SMOKERS, LEARNING TO LIKE A DIFFERENT TYPE OF CIGARETTE -- MARLBORO -- WHO MAY TEND TO STAY WITH THAT TYPE OF CIGARETTE, AND WHO MAY FIND IT DIFFICULT TO LEARN TO LIKE OUR PRODUCTS"; correct?
MR. DAVIS: Objection.
A. That's what this says.
Q. And when you are talking about beginning smokers, in large part what you are talking about is people under the age of 18 years old; correct?
MR. McELVEEN: Objection.
MR. DAVIS: Objection.
A. What they are talking about is people who are beginning to smoke.
Q. And those are people, in large part, under the age of 18.
A. I don't agree.
Q. You don't agree with that?
A. No. One of my documents, if you want to show them I think I explicitly state that -- that I am not in favor of doing or speaking or anything to anybody under 18 years old.
Q. Is that so?

A. Yeah. You may not have that document, it may

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not exist, but I certainly wrote it in one of my planning memos if I'm not mistaken.
Q. I'd like you to look at a document we have previously had marked as Deposition Exhibit 1030. This is a document that's Bates stamp numbered 501221308 through 501221317. Do you recognize this document at all, sir?
A. We haven't discussed it here. That's the first time I've seen it, frankly.
Q. I understand that, sir.
A. I thought you said this was previously.
Q. Do you recognize it from previously?
A. No, sir. I don't -- I don't know who P. H. Christopher is, who it was apparently addressed to, nor do I know who D. W., however you pronounce, T-R-E-D --
Q. Tredennick?
A. D-E-N-N-I-C -- Yeah, I don't know who either one of those people are. Certainly wasn't addressed to me.
Q. This states under "STARTING AGE" that "Over 50% of men smokers start smoking fairly regularly" --
A. Where are you, please?
Q. I'm under "STARTING AGE," sir. First page,

"STARTING AGE." Do you see where I'm at?
A. Okay. We've got a Humphrey stamp over it, but go ahead.
Q. You understand that's been stamped over it by R.J. Reynolds; correct?
A. Sure, I understand. I'm just telling you there are some words here I can't read. If your copy --
Q. Sir, I have a copy here that's better.
A. If you can read them to me, you know, I'd be glad to take your word for it. I just --
Q. It says, "Over 50 percent of men smokers start smoking fairly regularly before the age of 18, and virtually all start by the age of 25"; correct?
A. That's what this says.
Q. There is then a chart underneath that; correct?
A. A little table, yeah.
Q. It says, "Age Started Smoking"; correct?
A. On the left, yes.
MR. McELVEEN: Let me interpose an objection at this point. Not knowing who wrote it, who it was written to, or ever having seen it before, I'm going to object to any questioning about this document of Dr. Teague.
MR. O'FALLON: Object away.
A. I'll -- I'll second that motion. I've never

seen this as far as I know --
Q. Well --
A. -- so how can I --
Q. -- you are talking about beginning smokers.

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What I'm going to show you is that R.J. Reynolds knew that the majority of beginning smokers, at least men, were under the age of 18. In fact --
MR. DAVIS: Objection.
Q. -- that's exactly what this document states; doesn't it, sir?
MR. DAVIS: Objection.
MR. McELVEEN: Objection. Dr. Teague, we are objecting. We will just note our objection for the record to counsel testifying.
Q. And it says "17 & Under," 54 percent start at age 17 and under; correct?
A. See, I've got this --
Q. Here, read my copy --
A. Okay.
Q. -- since R.J. Reynolds has stamped over this document and made it illegible.
A. Well --
MR. McELVEEN: I'm not -- I'm not saying anything.
MR. O'FALLON: That was R.J. Reynolds'

counsel speaking, for the record.
Q. Does that say that 54 percent of men start smoking at age 17 and under?
A. Age started, 17 and under, 54 percent. I believe that would be the way you would read that.
Q. And 33 percent of women start smoking at age 17 and under; correct?
A. That would seem to follow that if we are interpreting this table right. Oh, you want it back. Excuse me.
Q. So R.J. Reynolds had in its possession information indicating that the majority of male smokers started before the age of 18; correct?
MR. McELVEEN: Objection, that calls for a conclusion on the part of this witness that he is not qualified to give here.
A. Yeah. How would I know?
Q. You don't know that? You are using words in your documents like "beginning smokers." Did you ever think of going out and trying to figure out when people begin to smoke before you used those words?
A. Me?
Q. Yeah, you.
A. How would I go out and figure that out?
Q. Well apparently the information was available in

R.J. Reynolds' files.
MR. McELVEEN: Objection.
A. Excuse me. Are there --
MR. McELVEEN: There is no question pending, doctor.
THE WITNESS: Oh, okay.
Q. Is it your testimony that this information was

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not available in R.J. Reynolds' files?
A. I didn't say that. I said it was not available to me.
Q. And you had interactions with the marketing research department, didn't you, sir?
A. To some degree, sometimes.
Q. I think we have established that in doing this pH project you had interaction with the marketing research department; correct?
A. I think that -- Yeah, I think that's probably true, uh-huh.
Q. And again that's about the same time period, '72-'73-'74; correct?
A. Early to mid-'70s I think, yeah. I was out of there in '75.
Q. Did you know that independently RJR also had information in its files from the NFO studies indicating at -- the age children started to smoke?

A. No, sir.
Q. Didn't have that information?
MR. O'FALLON: I'd like to mark as my next exhibit a document entitled "RESEARCH PLANNING MEMORANDUM ON SOME THOUGHTS ABOUT NEW BRANDS OF CIGARETTES FOR THE YOUTH MARKET."
THE WITNESS: Are we through with this one? Okay. How about this one?
(Discussion off the stenographic record.)
(Plaintiffs' Deposition Exhibit 1096 was marked for identification.)
BY MR. O'FALLON:
Q. I've marked as Plaintiffs' Exhibit 1096 a document Bates stamp numbered 502987357 through 7368, entitled "RESEARCH PLANNING MEMORANDUM ON SOME THOUGHTS ABOUT NEW BRANDS OF CIGARETTES FOR THE YOUTH MARKET." Do you recognize this document?
A. Yes, sir, I believe I do.
Q. This is a document you wrote; correct?
A. This is a draft of a document I wrote.
Q. Okay. Do you know whether this document was ever put in final form?
A. I don't believe so. I don't know.
Q. You don't know. You can't testify that it was not; correct, sir?

A. I can testify that I think it unlikely.
Q. Now this is the second planning memorandum that we have looked at of yours in the past two or three days; correct?
A. If you say so.
Q. Well the other planning memo we looked at was Plaintiffs' Exhibit 1057; correct?
A. Yeah, I think that was part of my thesis, but yeah.
Q. Now, planning memos were one of your

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responsibilities as assistant director of research from 1970 to 1975; correct?
A. I don't think so.
Q. In particular, planning was one of your special skills; isn't that correct?
A. Quite the contrary. I got out -- I used to -- For a year or two I taught planning at the, whatever it is in New York, the AMA, I taught it, I ran seminars, and I decided I didn't know anything about planning, so I didn't see any reason to further spread my lack of knowledge. I think the -- the process of planning is useful, but the plan itself is not too useful.
MR. O'FALLON: I'd like to mark as my next exhibit --

THE WITNESS:
A. I would guess that is a job description that I wrote trying to get myself into the planning function but we'll see -- see what it says.
Q. Do you usually explain documents before I show them to you?
A. Well, I saw it go by. I think I recognize it. I may not. We'll -- We'll wait and see. I don't think I was answering a ques -- Excuse me, I was just --
Q. Simply commenting so the jury would understand what you are about to say?
MR. McELVEEN: Objection.
A. I'm not talking to the jury, I'm talking to you I thought but --
(Discussion off the stenographic record.)
(Plaintiffs' Deposition Exhibit 1097 was marked for identification.)
BY MR. O'FALLON:
Q. Deposition Exhibit 1097 is a three-page document that was produced yesterday by Mr. Davis I believe on behalf of Mr. Teague.
Do you recognize that document?
A. I believe that's one I gave Mr. Davis a day or so ago. It was in my --

Q. It was where?
A. I think I had a copy of it in my home for -- for, I don't know.
Q. So this is a document that came out of your own personal files; correct?
A. Came out of files I had at home, yes.
Q. This is a document you drafted in 1983; correct?
A. I signed it on 1/18/83.
Q. You also reaffirmed it again on 7 of '86; correct?
A. I think in 7/86 I -- I think I made some changes in it.
Q. Would that have been the cross-outs that you see

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on the third page of the document where you crossed out external agricultural programs, special leaf purchase programs?
A. Very probably so. You know, I don't remember crossing them out but it's --
MR. McELVEEN: For record purposes I think I better interpose an objection. As I understand it, the documents furnished to Dr. Teague yesterday were not furnished to Minnesota counsel but were furnished to counsel for Mangini and for Arch and these documents have not been previously predesignated, as I understand it this one and the one earlier one we

were looking at from -- to Dr. DiMarco. As I understand the Minnesota order, these -- however, documents may be utilized if counsel is using them for impeachment purposes and I assume that that's the limited purpose for which you are using it.
MR. O'FALLON: I'm going to make two statements. Number one, as you well know, I'm entitled to any documents that are produced in Mangini. Okay? You understand that; right?
MR. McELVEEN: I understood that you were going to be utilizing your predesignated documents to question the witness, however.
MR. O'FALLON: You understand I can't predesignate a document that I have never seen, don't you?
MR. McELVEEN: I doubt this was not in the Minnesota depository.
MR. O'FALLON: You doubt that?
MR. McELVEEN: I do doubt that.
MR. O'FALLON: In any event, it's going to be used, and you have stated your objection. I will state that this was produced to us -- produced Mangini yesterday and provided by Mangini counsel to me.
BY MR. O'FALLON:

Q. Now this is a document entitled on the front page "R.J. Reynolds Industries, Inc. INTERNAL RESUME"; correct?
A. Yeah, in parens, "To be completed by employee."
Q. In other words, you took responsibility for putting this together; correct?
A. This is true.
Q. These are your statements; correct?
A. I believe so.
MR. McELVEEN: Excuse me. I hate to interrupt, but there is a misstatement of my statement on the record that I'm seeing. It says "I doubt that" -- My statement was I doubt that this document wasn't in the Minnesota depository. You have stated, Mr. Reporter, that you doubt -- my statement was I doubt it was. If you would change

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that, I would appreciate it. Thank you. Sorry.
THE REPORTER: Thank you.
BY MR. O'FALLON:
Q. This is a document that you put together; correct, Dr. Teague?
A. I would assume so.
Q. Under "OTHER SKILLS," parenthetical, "Describe special skills, aptitudes, etc.,," you list --
A. Wait, wait, wait. Where are you? "Other

skills"?
Q. Under the section that says "OTHER SKILLS."
A. Where? This one says "SPECIAL SKILLS."
Q. Okay. Let's start there. Roman numeral II says "SPECIAL SKILLS"; correct?
A. Yes, sir.
Q. And then in that box the first part is "LANGUAGES" and the second part is "OTHER SKILLS"; correct?
A. Oh, okay.
Q. It says "OTHER SKILLS," parenthetical, "Describe special skills, comma, aptitudes, comma, etc., colon"; correct?
A. Uh-huh. Yes, sir.
Q. And the first skill you put down is "Long-Range Planning for R&D"; correct?
A. Yes, sir.
Q. You state that long-range planning is a special skill of yours; correct?
A. That's what this says.
Q. That's directly contrary to what you testified earlier today, isn't it, sir?
MR. DAVIS: Objection.
A. I don't think so.
Q. Let's look on the second page.

A. Okay. "U.S. Army, Sergeant, Field Artillery"?
Q. This lists your work experience, doesn't it, sir?
A. Yes, sir.
Q. Let's look at the time that we are talking about, which is the 1970 to 1975 period. Are you at that point?
A. '70 to '75, okay, "Assistant Director of Research," is that what you --
Q. That's when you were, by your own admission, the RJR Tobacco Company Assistant Director of Research; correct?
A. I believe that's -- Yeah, okay. Chemical research, but go ahead.
Q. No, it doesn't say "chemical," does it, sir?
A. No, it doesn't, but it wasn't marketing research.
Q. I didn't say it was marketing research, did I, sir?

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A. I just said it wasn't.
Q. And I never claimed it was.
A. I don't think so.
Q. Okay. Under "DESCRIPTION OF RESPONSIBILITIES" for that time period you list, quote, "Responsible for day-to-day operation of Research Department,

reporting to Director of Research. Special assignments in area of long-range planning."
A. Uh-huh.
Q. So long-range planning was one of your specific responsibilities, by your own admission, in the 1970 to 1975 time period; correct?
MR. DAVIS: Objection.
A. In the area of -- That's what this says.
Q. And you wrote that; correct?
A. I assume I did. I signed it.
Q. Let's now go back to the document we have marked as Deposition Exhibit 1096, your research planning memorandum.
A. Uh-huh.
Q. Okay. And let's turn to the first full page of text of that document.
A. Okay.
Q. First of all --
A. The one that says "DRAFT" at the top?
Q. Yes.
A. Okay. I'm with you.
Q. It says at the top, quote, "SOME THOUGHTS ABOUT NEW BRANDS OF CIGARETTES FOR THE YOUTH MARKET"; correct?
A. Yes, sir.

Q. You state, quote, "At the outset it should be said that we are presently, and I believe unfairly, constrained from directly promoting cigarettes to the youth market; that is, to those in the approximately twenty-one year old and under group"; correct?
A. That's what it says.
Q. In other words, that would go down to 17, 16, 15 and 14 year olds; correct?
A. No, it would go down to 18.
Q. You don't say "18" there, do you, sir?
A. I wrote this to myself.
Q. Do you say 18 in there anywhere, sir?
A. I don't say 18. I don't say 5, either. I don't say 300. I don't say.
Q. You understand that as of this time period, 1972, R.J. Reynolds had entered into a cigarette advertising code; correct?
A. I don't know that they did.
Q. You are not aware that R.J. Reynolds had made promises to the public that it would not promote, to people under the age of 21, its cigarettes?
A. No.

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Q. But you knew it was somehow constrained to promoting to people under 21; correct?
A. North Carolina law, I believe, says that you --

I think it's not legal to sell cigarettes to people under 18.
Q. You don't use again the word 18 anywhere in this memo, do you, sir?
MR. DAVIS: Asked and answered.
A. I already said I didn't.
Q. You said, "Statistics show, however, that large, perhaps even increasing, numbers in that group are becoming smokers each year, despite bans on promotion of cigarettes to them"; correct?
A. That's what it says.
Q. What statistics are those that you are referring to?
A. Beats me.
Q. You must have had some statistics to tell you that, though; right?
A. I don't know. I really --
Q. You then state, quote, "If this be so, there is certainly nothing immoral or unethical about our company attempting to attract those smokers to our products"; correct?
A. That's a legal product. I was talking about people 18, or under 21 down to 18.
Q. Well you don't say anywhere down to 18 again, do you?

MR. DAVIS: He explained what he meant.
A. I just told you I wrote this document to myself. I don't have to explain everything to myself that I already know if I'm writing it for me. It's a think paper.
Q. And this again was part of your responsibilities, this long-range planning memorandum was part of your responsibilities as the assistant director of research; correct? You wrote this document on company time, didn't you, sir?
A. I wrote it on my 10 percent.
Q. Well --
A. We went through that yesterday, the day before; right? Do you remember?
Q. Is there anything you didn't do on that 10 percent of your time, sir?
A. Anything I didn't do?
Q. Certainly.
A. A lot of things I didn't do.
Q. Sure seems a lot of the information we have been going through was done on that 10 percent of your time.
A. Does to me, too.
Q. Kind of interesting, though, isn't it?
MR. McELVEEN: Objection.

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Q. You then state, quote --
Oh, and by the way, this was apparently kept by R.J. Reynolds, correct, this document?
A. I don't know where you got it. Probably in my old files that I left when I retired, but I have no idea.
Q. You see where it says it was produced by R.J. Reynolds Tobacco Company on the front of it; right?
A. Where? Oh, here?
Q. Yeah.
A. Sort of, yeah.
Q. You then state in the second paragraph that, "Realistically, if our Company is to survive and prosper, over the long term, we must get our share of the youth market"; correct?
A. That's what it says.
Q. And that was your opinion at that time; correct?
A. That was a statement I made. I don't know whether it was my opinion or not.
Q. Did you believe it to be true?
A. Sir, I don't remember writing it so I can't tell you what was in my mind what, twenty some years ago.
Q. As you sit here today, do you think it's true?
A. What, that first sentence?
Q. Yeah.

A. Sure. You've got to --
Q. You've got to attract the youth, don't you, sir?
A. No. If -- But I think at that time, and you were just a boy then, you don't remember probably, but, you know, people started smoking, and if you were going to stay in business you needed to get your share. And I think my thesis was, well, if they are going to start smoking let's show them our menu as well as Philip Morris and Brown & Williamson and whoever. I don't think I'm saying let's make them start smoking. I'm saying they are going to start smoking anyway and we would like to have our share of the beginning smokers. If you don't, you are going out of business some day.
Q. And that just makes business sense, doesn't it?
A. I don't know whether it does or not. I had had a course in marketing and this is some rather amateurish thoughts that I was putting down to provoke my thinking.
Q. Of course those thoughts were again reiterated by others in the organization as time went on; correct?
MR. McELVEEN: Objection. That mischaracterizes his testimony.
A. I have no idea.

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Q. Diane Burrows, for instance, reiterated exactly those thoughts in 1984, didn't she?
MR. McELVEEN: Objection.
A. Who is Diane Burrows?
Q. Never heard of Diane Burrows?
A. Never heard of her. Well I don't say never, but as far as I know, I don't remember ever hearing of her.
Q. You then state, "In my opinion this will require new brands tailored to the youth market"; right?
A. Let's see. We are back on the -- Right. That was this -- Then there is a semicolon or something there.
Q. And you then state, "I believe it unrealistic to expect that existing brands identified with the over-thirty, quote, establishment market can ever become the, quote, in products with the youth group"; correct?
A. I think that's true.
Q. And one of those cigarettes that was a very in product with the youth group was the Marlboro cigarette that we have seen so much about; correct?
A. That's my recollection, that they were -- a lot of the starting smokers were starting on Marlboro and my belief was, well, they are going to start, let's

see, you know, if some will eat in our restaurant, simple as that.
Q. And you knew that cigarettes were one of the most brand-loyal products of any product on the market; correct?
A. I don't think I knew that then. I'm not sure I know it now.
Q. But assuming that they are one of the most brand-loyal products, if Marlboro gets that beginning smoker, chances are you at R.J. Reynolds are not going to get that person later on; correct?
MR. McELVEEN: Objection, I think that calls for a conclusion he has already stated he is not qualified to make.
A. I'm not a marketing man, as this will show you. I was doing some amateur marketing as a result of a course I took at Chapel Hill a year or two earlier, and I think I've proved that I'm not qualified or talented in that area.
Q. You don't say that anywhere here in this memo, do you, sir?
A. I wrote that to myself. If there are things I know, I don't have to write them to myself.
Q. Why don't we --
Why don't we take a look at page 11. Page 11.

A. Of this?

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Q. Yes.
A. Okay. 10, 11, okay.
Q. The last full paragraph you state, quote, "Our Company needs to take advantage of the opportunity to market new youth brands of cigarettes. The thoughts expressed here may provide familiar agenda for discussions between Research, TPD, Marketing and Management, aimed at more precisely defining what we could ultimately make and promote. It is hoped such discussions will soon" en -- "will soon ensue." Right?
A. That's what it says.
Q. Now is that the kind of statement that you would usually direct to yourself?
A. Yeah.
Q. Oh, really?
A. Sure.
Q. You usually say, "self, I hope discussions occur soon"?
A. Well, there are all kinds of thinkers, and I find that when I think I am a writer and I write stuff down and then that provokes further thoughts in my mind and, you know, this is a pretty amateurish job I think we would all admit.

Q. Well but it is, however, in one of your self-proclaimed special skill areas of long-range planning.
MR. DAVIS: Objection.
A. Does that require -- There is no question there, is there?
Q. Isn't it? By your own proclamation, you have special skill in long-range planning.
A. I don't claim to be a marketer, and I think I proved this.
Q. You state at the very last sentence, "Meanwhile, it becomes appropriate for Research to seek ways to control smoke irritancy and to seek to create novel, useful cigarette systems."
A. Couldn't argue with that.
Q. So what you are really doing is setting forth a plan for your department in conjunction with other departments to come up with a new product and address what you believe to be an extremely crucial market; that is, the youth market.
A. If that's true, why is this a draft and why was this, as far as I know, never distributed? I mean, that wouldn't make much sense, would it?
Q. Is this one of the documents that you downloaded off the Internet?

A. I don't think so. No, I don't think I've seen this one.
Q. Has R.J. Reynolds ever told you, or any of their counsel ever told you how damaging this document is

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to them in this litigation?
A. No. How could it be?
Q. Let's go to page 2.
A. Could we -- I'm not -- can't ask you a question. You made kind of a statement there and I said -- I said how could it be damaging when it's my personal document, a draft, and, you know?
MR. O'FALLON: Move to strike as nonresponsive.
Q. Let's go to the second paragraph on the second page.
A. Okay. Are we through with this one?
Q. Yeah.
A. Okay. Put it on this pile.
Q. Why don't we go to the second page, sir.
A. I'm going to get buried in paper here.
Q. I don't think you are, but that's fine.
A. Okay. Second page.
Q. Second paragraph. Are you with me?
A. For -- Yeah, okay. "For the pre-smoker and, quote unquote, learner"?

Q. Right.
A. Okay.
Q. "For the pre-smoker and learner, the physical effects of smoking are largely unknown, unneeded, or actually quite unpleasant or awkward"; correct?
A. That's what it says.
Q. "The expected or derived" phys -- "psychological effects are largely responsible for influencing the pre-smoker to try smoking, and provide sufficient motivation during the, quote, learning period to keep the 'learner' going, despite the physical unpleasantness or awkwardness of the period"; correct?
A. That's what it says.
Q. That's what you stated at the time; correct?
A. What?
Q. That's what you stated at the time; correct?
A. That's what you read.
Q. And those are your statements.
A. I believe so, yeah.
Q. You state, "In contrast, once the 'learning' period is over, the physical effects become of overriding importance and desirability to the confirmed smoker, and the psychological effects, except the tension-relieving effect, largely wane in

importance or disappear"; correct?
A. That's what this says.
Q. The primary physical effect, of course, is nicotine; correct?
A. I don't think so.
Q. You don't? Well why don't you look at the next page?

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A. Okay.
Q. Here you have listed the physical effects and you have listed them for the presmoker, the learner and the smoker; correct?
A. Let me get up to speed with you. Okay.
Q. The only --
A plus means a positive; correct?
A. A positive response.
Q. Correct?
A. Go ahead. I think that's probably what it means.
Q. Well look at the bottom. You set out a table at the bottom. You see where the plus is?
A. Yes.
Q. Plus equals positive; okay?
A. All right.
Q. The only physical effect for the smoker that has three pluses is the nicotine response, isn't that

true?
MR. McELVEEN: I'm sorry, I think that mischaracterizes the chart.
MR. O'FALLON: Let's go off the record.
THE REPORTER: Off the record.
(Recess taken from 2:21 to 2:22 p.m.)
BY MR. O'FALLON:
Q. My question was: "The only physical effect for the smoker that has three pluses is the nicotine response; isn't that true?"
A. Yes, sir.
Q. Later on in this document --
A. Excuse me. Did you want me to amplify that? I'd like to go a little -- explain that a little further.
Q. Sir, I don't have a question pending. The way the deposition works is I ask questions and you answer them.
A. I understand that, but I just want --
Q. If you want to amplify, you can amplify later.
MR. DAVIS: Wait a minute, sir. He is entitled to explain his answer, and if he wants to explain his answer I want to insist that he have that opportunity. Go ahead, Claude.
A. Well, is that --

MR. DAVIS: If you want to explain your answer, you can, Dr. Teague.
THE WITNESS: Okay.
A. Nicotine response with a presmoker, it seems to me the nicotine response would be highly negative with a smoker, because nicotine, until you learn to tolerate it, will make you pretty ill, as I recall, and that would be a triple minus and a double minus and a -- or something like that. I'm not sure, is what I'm saying, what these things mean after all

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these years.
Q. You understand I didn't ask you a question about the presmoker or the learner; correct? And I'm going to move to strike your answer as nonresponsive.
I didn't ask you about the presmoker or the learner, did I, sir?
A. I'm just trying to help you.
Q. Uh-huh. You can help me, sir, by listening to my questions and answering them. That will make this whole process go a lot quicker.
MR. DAVIS: And you can explain your answer if you feel it's necessary, Dr. Teague. It's not for him to determine whether you feel it's necessary to explain your answer.
THE WITNESS: Okay.

MR. O'FALLON: And just for the record, that statement was may by Mr. Davis, --
MR. DAVIS: Yes.
MR. O'FALLON: -- who is paid by R.J. Reynolds to represent Dr. Teague.
MR. DAVIS: I'm Dr. Teague's personal counsel.
MR. O'FALLON: Paid for by R.J. Reynolds; is that true, sir?
MR. DAVIS: Well I'm not here to answer your questions, but I will state I am his personal counsel in no way under the control of R.J. Reynolds.
MR. O'FALLON: Who pays you, sir?
MR. DAVIS: I'm not going to answer your questions. I'm not here being deposed. But I'm not controlled by them, despite your inference. You know better than that. Don't you? Don't want to answer, do you? You can go ahead.
BY MR. O'FALLON:
Q. Let's turn to page 6, sir.
A. Six, okay.
Q. This is entitled "PSYCHOLOGICAL EFFECTS"; correct?
A. Well --
Q. You state, quote, "These are the expected or

derived gratifications which influence a pre-smoker to try smoking and which sustain the beginning smoker during the largely physically awkward and unpleasant, quote, learning to smoke phase"; correct?
A. That's what this says. I think it came right out of my thesis from my course at Chapel Hill in 1969, and you can move to strike that, too, if you want to.
Q. You then go on and talk about several of these physiological effects and your first -- psychological effects, and your first psychological effect --
A. Where are you now?
Q. Capital A is "Group Identification"; correct?

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A. There is a -- an "A," and it says "Group Identification," underlined.
Q. You then state, "Pre-smokers learn to smoke to identify with and participate in shared experiences of a group of associates"; correct?
A. That's what it says.
Q. "If the majority of one's closest associates smoke cigarettes, then there is a strong psychological pressure, particularly on the young person, to identify with the group, follow the crowd, and avoid being out of phase with the group's value system even though, paradoxically, the group's value

system may esteem individuality."
A. Sounds like a teenager to me, 18 and above.
Q. "This provides a large incentive to begin smoking"; correct?
A. Well that was my premise here, sir.
Q. You state, "If this be true, then the same effect strongly influences the brand chosen, it likely being the popular, 'in' brand used by ones close associates"; correct?
A. Yeah, that's my further speculation, I believe.
Q. You then state that, quote, "Thus a new brand aimed at the young smoker must somehow become the, quote, in brand and its promotion should emphasize togetherness, belonging and group acceptance, while at the same time emphasizing individuality and 'doing ones own thing'"; correct?
A. That's what it says. That would be a neat trick, wouldn't it?
Q. As a matter of fact, RJR accomplished that with their Joe Camel campaign, didn't they?
MR. McELVEEN: Objection.
A. I have no idea.
Q. The second psychological effect that you identify for these young people is stress and boredom relief.

A. Uh-huh.
Q. You say, "The teens and early twenties are periods of intense psychological stress, restlessness and boredom"; correct?
A. That's what it says, yes, sir.
Q. And again what you would want to do is take advantage of that; correct?
A. Where do you see that?
Q. Look at the next page. I think you talk about physical manipulation, and then you say on the second page, "This desirable attribute of smoking should be strongly emphasized in promoting a new youth brand"; correct?
A. I'm not with you. Where are you? Can we go by the page number at the top? I'm on page 7. Where are you?

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Q. I just read from page 7, sir.
A. All right. Well let me find it, can you?
Q. The very first sentence.
A. "This desirable attribute of" --
Q. Smoking --
A. -- "smoking should be strongly emphasized" --
Okay. That's what it says.
Q. And that's what you are talking about, this stress and boredom relief; right?

A. Well, a little broader than that. Stress, restlessness, boredom, socially awkward situations, dah-dah-dah, you know, if you want to read the whole paragraph.
Q. Again you are talking about teens; right? You use the word "teens" there?
A. Teens and early 20s, that's right.
Q. You don't say 18, you say "teens."
A. I don't have to. I told you before I wrote this to myself. I don't have to qualify, I don't have to worry about plagiarism, I don't have to worry about speculation. Do you want to strike that, too?
Q. Let's go on page 7. "C. Self-Image Enhancement." You state, "The fragile, developing self-image of the young person needs all of the support and enhancement it can get;" correct?
A. Right.
Q. "Smoking may appear to enhance that self-image in a variety of ways"; correct?
A. Correct.
Q. "If one values, for example, an adventurous, sophisticated, adult image, smoking may enhance ones self-image"; correct?
A. That's what this says.
Q. "If one values certain characteristics in

certain individuals or types and those persons or types smoke, then if one also smokes he is psychologically a little more like the valued image"; correct?
A. That's what it says.
Q. You then state that, quote, "This self-image enhancement effect has traditionally been a strong promotional theme for cigarette brands and should continue to be emphasized"; correct?
A. That's what it says.
Q. In other words, the cigarette companies try to show these kids that they can be cool and sophisticated and adult-like if they smoke; correct?
MR. DAVIS: Objection.
Q. Correct?
A. Objection. I didn't say that. You said it.
Q. It's a fair conclusion from what you wrote, isn't it?
MR. DAVIS: Objection.

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A. I don't think so.
Q. You state, "This self-image enhancement effect has traditionally been a strong promotional theme for cigarette brands and should continue to be emphasized"; correct?
A. That's what this says.

Q. That's because it works; right? That advertising approach has traditionally worked for cigarette manufacturers in selling to children; right?
MR. DAVIS: Objection.
MR. McELVEEN: Objection, that calls for a conclusion and it misstates his testimony.
A. I thought you were asking the questions and I was answering them. I think you are beginning to testify. You know, these are awfully long, leading questions and I don't know what you mean. Can you sharpen them up a little bit? I'd appreciate it.
Q. You don't understand that question, sir?
A. I understand it's one I don't know about.
Q. "Experimentation," --
A. Sure.
Q. -- that's D, that's your fourth psychological effect; right?
A. I don't know. Fourth where? A, B, C, D. "D" is the fourth letter in the alphabet. Why, I'm sharp today.
Q. "There is a strong drive in most people, particularly the young, to try new things and experiences." That's what you state; right?
A. That's what I said.

Q. "This drive no doubt leads many pre-smokers to experiment with smoking, simply because it is there and they want to know more about it. A...brand offering something novel and different is likely to attract experimenters, young and old, and if it offers an advantage it is likely to retain these users"; correct?
A. That's what it says.
Q. You also state that there is another psychological factor which does not readily fall into the table but which may be quite important; correct?
A. That's what it says.
Q. That category might be called, quote, anti-establishment attitudes; correct?
A. That's what it says.
Q. You state, "Today more than ever, young people tend to reject whatever is accepted by the quote, over-30, end quote establishment, which includes their parents"; correct?
A. I think you skipped a sentence. Did you mean to?
Q. Yes, I did mean to.

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A. Okay. I was reading with you. "Today more than ever, young people tend to reject" -- I wrote that I believe, yes. That's what it says.

Q. You then state, if a brand 30 plus is the accepted in brand with the establishment, it is likely that many young smokers will almost automatically reject that brand and start with something else; right?
A. No. You left out an "a." It should say "if a brand 30." You just said "if brand 30," it --
Q. There is no "a" there, is there, sir?
A. You put one there is what I'm telling.
Q. Oh, I'm sorry.
A. I think. Do you want to -- Anyway, I mean, we are going to try -- Okay.
Q. You then go down in the second full paragraph on page 8, Bates number 502987365 to state --
A. Wait, wait, wait. Second paragraph?
Q. Are you with me, sir?
A. I hope. "A final psychological factor"?
Q. Why don't you let me ask the question, though; okay?
A. Sure. I just want to identify --
Q. I'll get you to where you need to be and then let me ask the question; okay?
A. Sure.
Q. It really is hard, when we talk over each other, for the reporter so it's --

A. I'm really sorry.
Q. You just talked over me.
A. I don't mean to step over your lines, sir. I'm sorry.
Q. The problem is that it's very difficult, so if you would just try to wait until I actually ask a question to start your answer, it would be very helpful; okay?
In the second full paragraph you state, quote, "A final psychological factor which also did not fall readily into Table I involves the smoking-health attitudes. The smoking-health controversy does not appear important to the group because, psychologically, at eighteen, one is immortal"; correct?
A. That's what it says.
Q. "Further, if the desire to be daring is part of the motivation to start smoking, the alleged risk of smoking may actually make smoking attractive"; correct?
A. That's what it says.
Q. "Finally, if the 'older' establishment is preaching against smoking, the anti-establish...sentiment discussed above would cause the young to want to be defiant and smoke";

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correct?
A. The anti-establishment, yes, okay.
Q. "Thus, a new brand aimed at the young group should not in any way be promoted as a, quote, health brand, and perhaps should carry some implied risk. In this sense the warning label on the package may be a plus." Correct?
A. Okay. That's what it says.
Q. And that was what you believed at the time you wrote this; correct?
A. I don't know that I believed it. It was part of the premise, exploration of ideas.
Q. And one of those ideas was that this warning that you put on cigarette packages, or actually that the government puts on cigarette packages, may actually help you sell cigarettes to youth; correct?
A. I don't think I said that at all.
Q. You don't think that's a fair implication from what you wrote?
A. That would possibly be one implication. I don't think I had that in mind when I wrote this.
Q. Let's look on page Bates number 502987366.
A. Page 10 at the top of the page?
Q. I think page 9 at the top of the page but it's cut off on the copy of the document we have.

Do you see where it says "Product Image Factors" about halfway down the page?
A. Yes, sir.
Q. And then you list product image factors after that title; correct?
A. That appears to be the case.
Q. The first product image factor you identify is that this new brand should emphasize participation, togetherness and membership in a group, one of the group's primary values being individuality; correct?
A. I believe you read that correctly, yes, sir.
Q. And you wrote that statement; correct?
A. I assume I did.
Q. You have no reason to believe you didn't since you signed this document; right?
A. I just don't remember is what I'm saying.
Q. "2. Should be strongly perceived as a mechanism for relieving stress, tension, awkwardness, boredom and the like"; correct?
A. You are reading correctly.
Q. "3. Should be associated with doing one's own thing to be adventurous, different, adult, or whatever else is individually valued"; correct?
A. That's what it says.
Q. "Should be perceived as some sort of new

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experience, something arousing, some curiosity, and some challenge"; right?
A. That's what it says.
Q. "Should be different from established brands used by the over-thirty and perhaps even over-twenty-five groups"; right?
A. Yes. That's what it says.
Q. "Must become the proprietary, quote, in thing of the 'young' group"; correct?
A. That's what it says.
Q. And "should not be perceived as a 'health' brand"; correct?
A. That's what it says.
Q. Let's go to page 10. Let's look at the one, two -- third full paragraph down. You state that, quote, a careful study of the current youth jargon, together with a review of currently used high school American history books and the like, sources for valued things might be a good start at -- I'm sorry. Let me do that again.
A. You didn't read that right.
Q. A careful study of the current youth jargon, together with a review of currently used high school American history books and the like and like sources for valued things might be a good start -- I'm

sorry. Why don't you read it, then.
A. Yeah, okay. "A careful study of the current youth jargon, together with a review of currently used high school American history books and like sources for valued things might be a good start at finding a good brand name and image theme."
Q. You then state, "this is obviously a task for marketing people, not research people"; correct?
A. Correct. That's what it says.
Q. You then state, "Assuming that at some point marketing people will establish a name and image for a new youth brand, and assuming that the thoughts on product quality factors expressed above are approximately correct, then Research and TPD should be able to provide the product needed"; correct?
A. That's what it says, yes, sir.
Q. So what you recognize is that, as I assume are most things at RJR, there is a joint effort in creating a new product. There is effort with the marketing research department and the marketing department and the research and development department and the new products division; correct?
A. I'm not sure what "TPD," I've heard, I just don't remember what it means.
Q. Tobacco Products Division?

A. Okay.

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Q. Do you know?
A. I don't know. It's probably right.
Q. It's a term you used; right?
A. Tobacco product development -- Well, that's 25-some years ago. "TPD." Well it doesn't matter. Go ahead. Excuse me.
Did you have a question pending in there?
Q. My question was that you recognize, as I assume most things are at RJR, that to develop a new product like this involves a joint effort; correct?
A. Yeah, I would think so.
Q. It involves research, it involves marketing, it involves marketing research; right?
A. May.
Q. Usually will; right?
A. Some of the above. Sometimes it would not involve research, other times it would involve engineering, manufacturing. You know, who is to say?
Q. In any event, this particular project is going to involve some of you from research and some people from marketing; correct?
MR. DAVIS: Objection.
A. I don't know what it would involve in -- in

research but, you know, it's -- I don't know, and I don't know quite what you mean by "this particular project."
Q. Well this designing a new product for this beginning smoker market.
A. Oh. Well, I -- I wouldn't think -- well, opinion. I wouldn't think research would have much of a role in that.
Q. Well you in particular continued to have a role in this design and marketing of a new cigarette for the beginning smoker; correct?
A. Pardon? I don't know what you mean.
Q. You yourself continued to have a role, didn't you?
A. In what?
Q. In this designing and marketing a new product or changing your products in order to appeal to the beginning smoker; right?
A. I'm not sure even that that occurred, much less that I had a role in it. I'm trying to understand what you are trying to ask me.
Q. Well what I'm trying to ask you is whether you continue to have a role in RJR's desire and attempts to target this beginning smoker market.
MR. McELVEEN: Objection, mischaracterizes

his testimony.
MR. DAVIS: Objection.
A. I don't know whether RJR had a -- whatever, you know. I'm just -- I don't know what you are getting

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at, but can you -- can you try it once more?
Q. Why don't we just have my question read back.
MR. O'FALLON: Why don't you read it back.
THE WITNESS: That would be better. Sure.
(Record read.)
A. I don't think we have ever established that RJR had a desire and an intent to -- so, you know.
Q. So your answer is "no"?
MR. DAVIS: Objection.
MR. McELVEEN: I do object. I think that's an improper question.
Q. Is your answer "no" to my question, sir?
A. Excuse me. Can I have --
Q. Is your answer "no" to my question?
A. I've lost the question now.
MR. O'FALLON: Let's have it one more time.
A. Sure. I don't think that was a yes-or-no answerable question, was it? Go ahead.
(Record read.)
MR. McELVEEN: Objection to the form. That is an improper question.

MR. DAVIS: And he answered the question.
A. I don't think I can answer that question because it contains a premise that I don't know whether -- I've said I don't know if Reynolds has a desire or intent, so how can I say whether I had a role in something that I don't know about.
MR. McELVEEN: We'll take a break.
MR. O'FALLON: Okay. Why don't we go off the record.
THE REPORTER: Off the record.
(Recess taken from 2:44 to 2:55 p.m.)
(Plaintiffs' Deposition Exhibit 1098 was marked for identification.)
BY MR. O'FALLON:
Q. I've marked as Plaintiffs' Exhibit 1098 a document Bates stamp numbered 501186367 through 501186369. Do you recognize that document?
A. Are we through with this one?
Q. Yes, we are.
Do you recognize this document, sir?
A. No, sir, I don't.
Q. This is a document that's entitled at the top "CONFERENCE REPORT, TATHAM-LAIRD & KUDNER, INC. ADVERTISING; CLIENT R.J. Reynolds Tobacco; DATE OF MEETING June 5, 1974, PRODUCT, New Products; PLACE OF

MEETING RJR"; correct?
A. Yes, sir, that's what it says.
Q. You are included among the persons present; correct?
A. Yes.
Q. It states, "The Client and the Agency met to review a selected group of technical developments in

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the cigarette category. The purpose of this meeting was to determine whether any of the technical developments to date could, at this time, be utilized in the development of new brands for marketing"; correct?
A. Yeah, that's what it says.
Q. It then lists "TYPES OF CIGARETTES"; correct?
A. That's the first heading.
Q. And the first heading, and number 1 under A, "TYPES OF CIGARETTES," is: "Cigarette Designed For Beginning Smokers"; correct?
A. Yes, sir, that's the heading that's -- I read here.
Q. Says, "This cigarette would be low in irritation and possibly contain an added flavor to make it easier for those who have never smoked before to acquire the taste for it more quickly"; correct?
A. That's what it says, yes, sir.

Q. So you appear to be aiming this at what are currently nonsmokers; correct?
MR. DAVIS: Objection.
MR. McELVEEN: Objection. I think that misstates what he said about the document.
A. I didn't write this, sir, so I couldn't say.
Q. That's what this document says; correct?
MR. DAVIS: Objection.
Q. You are aiming the cigarette at those who have never smoked before.
MR. DAVIS: Objection.
A. That appears to be --
Q. It said --
A. -- to some degree, but I mean just -- I think it speaks for itself. It says what it says and I -- I wouldn't want to comment on that.
Q. And what it indicates is that you were one of the people that continued to be involved in RJR's drive for a cigarette design for beginning smokers; correct?
MR. DAVIS: Objection.
A. I don't know. I don't remember any meeting, I'm not sure who TLK is. This -- Okay. I'm sorry.
Q. What this document indicates --
A. The question --

Q. What this document indicates is that you were part of RJR's efforts to put together a cigarette designed for beginning smokers; correct?
A. I don't think this says there is an effort there. It's -- These are -- As I read this quickly, I don't know if I've read it but it says that a cigarette would be and possibly contain and so forth and so on. They are talking about, I -- well, I just -- it says what it says. I can't comment on somebody else's stuff when I don't remember it. I

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was certainly present at some kind of meeting somewhere.
Q. And one of the topics discussed was a cigarette designed for beginning smokers; correct?
A. I believe so.
Q. Now the -- the ideas that you set out in your memorandum on youth and aiming at youth were also echoed in later memorandum by marketing people; correct?
MR. DAVIS: Objection.
MR. McELVEEN: Objection, I think that mischaracterizes his statements with respect to his own memorandum.
A. Well the answer is: I don't know.
Q. Why don't you go back to the document we have

already marked previously as Plaintiffs' Exhibit 1030.
A. Yes, sir.
Q. Now this is, again, this is a document by Mr. Tredennick out of the marketing research department; correct?
A. A document by who?
Q. Mr. Tredennick out of the marketing research department.
A. That's apparently who wrote it and signed it.
Q. And generally the subject matter of this document is starting smokers; correct?
A. Where do you see that? I haven't read it so I don't know what it says. I didn't write it, I don't remember ever seeing it, to tell you the truth.
Q. The very first sentence states, quote, "The purpose of this memorandum is to answer the question quote 'What causes smokers to select their first brand of cigarette?'" Correct?
A. Yes, sir, that's what this says.
Q. And we have talked about -- little bit about the starting age, correct, earlier today?
A. In what sense?
Q. We talked a little bit about the age people start to smoke, didn't we?

A. I don't remember -- If you could refresh my memory. I don't remember. We talked about the age, I think we said, people start. My feeling was that what I was talking about was people 18 years old and older but I --
Q. Remember you and I looked at this document earlier today and we specifically looked at some of the information on the first page under the title "STARTING AGE"; correct?
A. Right, yes. I remember now.
Q. Let's --
A. Could I go a little further and say again I didn't write this, it was not addressed to me, I

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don't really identify either of the people that wrote it and so I can't really comment on it. You know, we can read it and --
Q. What we are going to do, sir, is we are going to go through it a little bit and we are going to compare the ideas of Mr. Tredennick, who was in RJR Reynolds marketing research department, with some of the ideas you set forth in your memo a year or two earlier. Okay? That's generally what we are going to do here.
A. I thought we had already done that. Okay. That's fine.

Q. Why don't you look at page 2, at the continuation of the starting age.
A. Which document are you in now?
Q. Just getting you to look at page 2. Do you see page 2 of the document?
A. This one?
Q. That's the second page; right, sir?
A. Well, yeah, okay. So it's not this one, it's this one. I got you.
Q. Uh-huh. Lest there be any confusion, Dr. Teague?
A. Yeah.
Q. What I'm looking at right now, and here, let's take away that other document.
A. Okay. Good.
Q. Can we do that? That will eliminate any confusion --
A. Okay.
Q. -- we could possibly get into.
A. Good.
Q. I'm looking at the document we previously marked as 1030; okay?
A. Right.
Q. And now I'm specifically looking at the second page of that document.

A. Page 2. Okay.
Q. Do you see that?
A. Sure. Right under Mr. Christopher's name, whoever he is.
Q. Now let's look at "INITIAL REASONS FOR SMOKING." It states, "Published sources are consistent in identifying one or more of the following as the essential reasons for smoking cigarettes, at least initially: Conformance"; right?
A. That's what it says.
Q. "Support, to gain confidence or security in stress situation (often social)"; correct?
A. That's right.
Q. "Enjoyment, taste or other physiological benefits (after initial learning period)"; correct?
A. That's what it says.

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Q. "To show off"; correct?
A. That's what that says, uh-huh.
Q. These ideas aren't unlike the ideas you set out in your memo; correct?
A. Well, I would say that this -- this says "published sources" and we both may have gotten our lists of information from some other public source, so there is some -- some similarity. I don't think the wording is the same as mine, necessarily. You

know, we could both have read a published source independently and both included some of that so, you know.
Q. It then goes on to state "Often more than one of these factors enter into a young person's decision to" -- "decision to smoke and the reasons for a given individual are seldom clear-cut and definitive; correct?
A. That's what it says.
Q. "In addition, two prevalent reasons are to rebel against authority (although a youth is likely to smoke if his parents smoke), or to satisfy a 'habit' which is developed from occasional smoking." Correct?
A. That's what it says.
Q. You also identified that rebellion; correct?
A. I think it was generally known, publicly stated many places by many people. I think I probably mentioned it too. I don't know what words I used.
Q. And we also talked a lot about this habit, this nicotine habituation; correct?
A. Where?
Q. Well, in many of the documents we have seen here today, seen here in the past three days.
A. I'm not sure I'm with you on that one.

Q. Okay. You don't recall that as we sit here today, sir?
A. I don't recall that we have discussed it. Maybe we have, I don't know. We have discussed so many things here. I'm doing my best.
Q. Under "Conformance" it states that, "Probably the most prevalent reason that a young person starts to smoke is the influence of a close friend or 'peers'"; right?
A. Yes, sir, says that.
Q. "One major study among youths showed that the best predictor of whether or not a young person smokes is to determine if he has a close friend that smokes"; right?
A. That's what this says, yes, sir.
Q. "Peer group influence is very strong during the teen years"; right?
A. Says so, yes, sir.
Q. "Men, particularly, report that smoking is

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symbolic of rugged masculinity and that they took up smoking because they wanted to impress and be accepted by other young men who smoked"; correct?
A. Again that's what it says.
Q. "Often the motivation is to be less the target of group aggression"; correct?

A. Okay. That's what it says.
Q. "Smoking is often a way to gain entree to a group by effecting an appearance of being mature, sophisticated, sexier men"; right?
A. That's what this says.
Q. And that's basically the same thing you said in the report you wrote.
A. Not at all. I'm learning from this. A lot of this I've never seen before.
Q. That's not --
That's not similar to the exact --
A. I don't think I ever said -- I don't think I ever said smoking is often a way to gain entry unto a group by affecting an appearance of being mature, sophisticated, sexy or manly. I don't think I ever said anything about being sex -- sexy and macho or manly or whatever. Maybe I did. I sure don't remember it.
Q. Let's see, I have got your document here in front of me and under C, "Self-Image Enhancement," you state, "The fragile, developing self-image of the young person needs all of the support and enhancement it can get. Smoking may appear to enhance that self-image in a variety of ways. If one values, for example, an adventurous, sophisticated, adult image,

smoking may enhance ones self-image"; right? You said that; right?
A. I don't know. I -- Sounds familiar, but I -- I'm not reading. I don't have the document, I'm not reading --
Q. Number A is group identification, isn't it?
A. I think these two things, the group identification and the conformances, are coming from different places and say -- in some aspects they are similar, but certainly there are words in this that sure aren't there.
Q. The words aren't identical but the concepts behind those words are roughly similar, aren't they, sir?
A. I wouldn't say that because I don't know what the concepts behind this guy's were. These -- There are some things that are kind of news to me if they are true, but that's all right, too.
Q. On page 2 it talks about support, correct, or the third page? I'm sorry. Of Mr. Tredennick's.
A. Page 3?
Q. Yeah.

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A. Okay. I'm with you.
Q. And you talked about generally support and group identification; right?

A. I don't know where I talked about support. I think I probably talked about group identification. I don't know what support would mean in that.
Q. You don't think group identification would lend some support?
A. Would what?
Q. Would be part of support, young people needing support of a group?
A. I don't know. I mean, I -- I don't think I got into that, did I?
Q. Let's go to the fourth page, "INITIAL BRAND SELECTION."
A. Okay.
Q. It says, "Younger smokers are likely to select either Marlboro or Kool as their usual brand"; correct?
A. That's what it says.
Q. It says, these two brands enjoy a 50% share of user -- users among smokers 18 to 20 years of age as contrasted to a 24% share of market among all smokers; correct?
A. That's what this says.
Q. And you knew that; right? You knew, based on the research you had done, that Marlboro was eating up that young adult market, that youth market;

correct?
A. I don't think I did any research. I think I read the Maxwell report. I don't know whether -- I read various things, tobacco report or some of those things. I think that was generally -- a generally held belief. I didn't do any research to find out, certainly. I wouldn't be competent to.
Q. And again you were concerned with the fact that Marlboro and Kool as opposed to any of R.J. Reynolds' brands were really dominating that youth market; correct?
A. I don't -- I don't remember thinking that Kool is dominating it. Maybe it was. I just don't -- don't know that. I don't believe I stated that.
Q. Kool was at least dominating -- dominating the menthol segment of that youth market; correct?
A. Well, it was a menthol cigarette but I don't know that it was dominating the youth segment of that market. I think it was dominating the menthol market. And the two, you know, are quite different, or could be.
Q. This document, anyhow, says that "Younger smokers are likely to select either Marlboro or Kool as their usual brand"; right?
A. Which? Are you back to this document?

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Q. Page 4, sure, actually the sentence we just read.
A. Okay. That's what this says.
Q. You have no reason to doubt that; right?
A. I have no reason to believe or doubt it. I didn't write it. I don't know.
Q. Marketing research usually do a pretty good job when they did their research projects?
A. Well, if they did, we would never have put out a brand that failed and we put out a lot so I mean -- probably wouldn't make me many friends in marketing research, but it's not an absolute science, obviously.
Q. Marketing goes on to state, these two brands -- "These two brands enjoy a 50% share of the users among smokers 18 to 20 years of age as contrasted to a 24% share of market among all smokers. The Company has not surveyed smokers under 18 years of age, but informal and secondary sources suggest even larger shares for Marlboro and Kool"; correct?
A. I'm sorry. I'm --
MR. DAVIS: He is reading here.
THE WITNESS: Up here. Okay.
A. Yeah, okay. I believe that is what this says, uh-huh. Interesting.

Q. Now, R.J. Reynolds was very concerned, as a company they were concerned that they were losing this young market to Marlboro; correct?
MR. McELVEEN: Objection, it calls for speculation on what the company thought.
A. I'm sorry, sir. I can't speak for R.J. Reynolds. I personally had some concern about it, as I think these --
Q. Whether or not you can speak for R.J. Reynolds, you were certainly at the company in a managerial position in the 1970s and you presumably knew at least some of what R.J. Reynolds as a company was thinking about the various cigarette markets; correct?
MR. DAVIS: Objection.
A. You know, I don't know. I had, I think, very limited dealings with the marketing and marketing research people at this time and I, you know --
Q. In 1974, R.J. Reynolds made a decision that they were going to aggressively go after again the young-adult market as they defined as the 18-to-24 market; correct?
MR. McELVEEN: Objection.
A. I have no idea, sir.
Q. Do you know a gentleman by the name of C. A.

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Tucker?
A. C. A. Tucker. Doesn't sound familiar.
Q. Didn't know him.
A. I said it doesn't sound familiar. If I did, I didn't recall it, but I'm not real great on names.
Q. We previously marked in this litigation a --
A. C. A. Tucker.
Q. -- a document that's been marked as Plaintiffs' Exhibit 1035. This is a document that's Bates stamp numbered 501421310 through 1335. Have you ever seen this document before?
A. No, I -- I don't believe I did.
Q. On the first page on the side it states --
A. Can we identify who wrote it and when?
Q. On the first page it says at the side "Presentation"; correct? Do you see that?
A. Where, now?
Q. On the side of the document, it says "Presentation" on the first page. Do you see that?
A. Oh, down here.
Q. Right.
A. Yeah, okay.
Q. Right?
A. Says "Presentation."
Q. At the top it says, "Mr. C. A. Tucker,

Presentation to RJRI B of D - 9/30/74, Marketing Plans"; correct?
A. I believe that's what it says.
Q. "RJRI" would be RJR Industries; correct?
A. I believe so.
Q. "B of D" would be board of directors?
A. I -- That sounds reasonable.
Q. Let's look on the second page, the first full page of text, Bates number 501421311. At the top it states "1975 MARKETING PLANS PRESENTATION, HILTON HEAD, SEPTEMBER 30, 1974."
MR. McELVEEN: Let me interpose an objection. Once again, since Dr. Teague doesn't know the person who is on the front page or who wrote it or who got it or anything about it, I'm going to interpose an objection to his testimony with respect to anything on this document.
Q. Under "CHART 1 OBJECTIVE IN 1975," it says, "OUR PARAMOUNT MARKETING OBJECTIVE IN 1975 AND ENSUING YEARS IS TO REESTABLISH RJR'S SHARE OF MARKETING GROWTH IN THE DOMESTIC CIGARETTE INDUSTRY"; correct?
A. Yeah, that's what this says. You want to just read it all into the record? Do you want me to say "correct" after every line or --
MR. DAVIS: Wait until he asks a question,

Dr. Teague. Just answer his questions.

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Q. It says, "WE WILL SPEAK TO FOUR KEY OPPORTUNITY AREAS TO ACCOMPLISH THIS." And one of those key opportunity areas is to increase the young-adult franchise; correct?
A. Says "INCREASE OUR YOUNG ADULT FRANCHISE."
Q. I'm sorry, you're correct. And that would mean R.J. Reynolds young-adult franchise; correct?
MR. McELVEEN: Objection.
A. I don't know what any of it means.
Q. You don't think that's a reasonable interpretation of that document, sir?
A. Yeah. I wasn't at the meeting, I don't know -- C. A. Tucker doesn't ring any bells.
Q. The fact of the matter is that R.J. Reynolds is going to move forward and basically target exactly that group of people that you recommended they should target two or three years earlier in your memorandum on the youth market; correct?
MR. McELVEEN: Objection, mischaracterizes his prior testimony.
A. I don't see -- I don't think that.
Q. Well then let's go take a look and let's see what they are going to do. After that list of statements it says, quote, "FIRST, LET'S LOOK AT THE

GROWING IMPORTANCE OF THE YOUNG ADULT" market -- "OF THE YOUNG ADULT IN THE CIGARETTE MARKET. IN 1960, THIS YOUNG ADULT MARKET, THE 14 TO 24 AGE GROUP, REPRESENTED 21% OF THE POPULATION"; correct?
MR. McELVEEN: Is your question is that what it says or is your --
MR. O'FALLON: Do you have an objection?
MR. McELVEEN: Yes, I do have an objection. The objection is: Could you restate your question? I don't understand it.
MR. O'FALLON: What's your objection? Do you have an objection that's cognizable under the rules of evidence, sir?
MR. McELVEEN: The objection is --
MR. O'FALLON: The objection is what?
MR. McELVEEN: To the form of the question.
MR. O'FALLON: Thank you.
MR. McELVEEN: You're welcome.
BY MR. O'FALLON:
Q. It states that in 1960 this young-adult market, the 14 to 24 age group represented 21% of the population; right?
A. That's what this says.
Q. So R.J. Reynolds in this document is defining

the young-adult market as the 14-to-24 age group; correct?
MR. McELVEEN: Objection.
A. I can't say what. I wasn't there, I don't know

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who wrote this, I would certainly want to -- not want to interpret it or read something in it that may or may not be there. Simple as that.
Q. Like your earlier document, they are basically including the teenagers in that definition; right?
MR. McELVEEN: Objection.
MR. DAVIS: Objection.
A. I don't know who "they" is.
Q. Well, this is an RJR document, isn't it, sir?
MR. McELVEEN: Objection, that misstates his prior testimony.
MR. O'FALLON: But it doesn't misstate the facts, sir.
A. I don't agree. Go ahead.
Q. You don't agree that this document defines the young-adult market as the 14-to-24-year-old age group?
A. This says the young-adult market comma the 14 to age 24 group, represented 21 percent of the population. I agree that's what it says. I don't know anything about it, where it came from or where

it's going or whatever.
Q. The next paragraph states, "AS SEEN BY THIS CHART, THEY WILL REPRESENT 27% OF THE POPULATION IN 1975. THEY REPRESENT TOMORROW'S CIGARETTE BUSINESS." Now that's consistent with the notion you put forth in your memos; correct?
MR. DAVIS: Objection.
MR. McELVEEN: Objection.
A. Well, I don't see a chart. Is there a chart here somewhere? Says, "AS SEEN BY THIS CHART." I don't have the -- I mean I -- What you read I think you read it correctly but I --
Q. My question is that this document is consistent with your document in stating that this young-adult market represents tomorrow's cigarette business; correct?
A. I don't see that stated.
Q. You don't see which stated?
A. Just what you said.
Q. That they represent tomorrow's cigarette business.
A. I don't see it anywhere. Do you?
Q. You don't think that's a logical implication from this document?
A. May or may not be. I don't know what -- what

the -- I don't know who wrote it and I don't know what the writer had in mind.
Q. Do you usually have to know who wrote a document and what a writer has in mind in order for you to understand a document, sir?
A. Well, I have to testify about it under oath. You know, you give me something I've never seen,

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don't know who wrote it, don't -- wasn't present. I think it's kind of a stretch to expect me to draw a lot of conclusions here right off the top of my head when I haven't studied it, read it.
Q. It then goes on to state, "AS THIS 14 TO 24 AGE GROUP MATURES, THEY WILL ACCOUNT FOR A KEY SHARE OF THE TOTAL CIGARETTE VOLUME -- FOR AT LEAST THE NEXT 25 YEARS"; correct?
A. That's what this says.
Q. And then again that's why the young-adult market, this 14-to-24 market, is so crucial to R.J. Reynolds' future business; correct?
MR. McELVEEN: Objection.
MR. DAVIS: Objection.
A. I didn't say that.
Q. It's consistent with the notion you stated --
A. I don't think somebody here says it.
Well I don't -- I don't want to repeat myself

but I think I've already said I don't know who wrote it, I wasn't present, I don't know what they had in their mind but they refer here to a chart which I don't see. You know, I think it's -- would be an awful stretch for me to comment on something --
Q. Let's go to page 3.
A. -- that I know very little about.
Q. On page 3 it states that, "BOTH PHILIP MORRIS AND BROWN & WILLIAMSON, AND PARTICULARLY THEIR FAST GROWING MAJOR BRANDS..." --
A. Whoa, whoa. Excuse me just a minute. Okay. The page isn't numbered. I'm with you.
Q. It states at the top, quote, "BOTH PHILIP MORRIS AND BROWN & WILLIAMSON, AND PARTICULARLY THEIR FAST GROWING MAJOR BRANDS, MARLBORO AND KOOL, HAVE SHOWN UNUSUAL STRENGTH AMONG THESE YOUNGER SMOKERS. IN THE 14 TO 24 AGE CATEGORY, PHILIP MORRIS HAS A 38% SHARE AND B&W HAS A 21% SHARE"; right?
A. That's what this says, yeah.
Q. In the next paragraph it states, "WITH STRONG YOUNG ADULT FRANCHISES AND HIGH CIGARETTE BRAND LOYALTIES, THIS SUGGESTS CONTINUED GROWTH FOR PHILIP MORRIS AND B&W AS THEIR SMOKERS MATURE"; correct?
A. That's what it says, sir.
Q. And in fact that happened, didn't it, sir?

A. As far as I know those companies are the -- some of their products did, some of their products didn't.
Q. By 1987, Marlboro was the leading cigarette brand in the United States, wasn't it, sir?
A. I have no idea.
Q. As a senior management person at R.J. Reynolds in 1987, you didn't know who had the leading cigarette in the country?
A. I don't think I was in that loop in 1987. I was retired then.

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Q. Well not in early 1987, were you?
A. Pretty early.
Q. Well how about 1986? In 1986 did you understand that Marlboro was the leading cigarette in the United States?
A. I really didn't keep up with that stuff. I knew -- I knew Marlboro was doing real well but I didn't see any reports or stuff other than popular press.
Q. So in 1986, you are in senior management at R.J. Reynolds Tobacco Company and you didn't know that Marlboro was the leading cigarette, the leading selling cigarette in the United States at that time?
A. I don't know whether I did or didn't.
Q. Did you know at that time that R.J. Reynolds was continuing to actively pursue this youth market and

try to limit some of Marlboro's growth in that youth market? Did you know that?
A. No. I was not in that loop at all.
Q. But again you would expect R.J. Reynolds to be actively pursuing that youth market because, as you said in your own document, if you don't pursue that market you are going to go out of business.
A. Doesn't mean I would expect them to do that. I mean, I wasn't chairman of the board.
Q. But certainly you would expect R.J. Reynolds to --
A. Maybe --
Q. -- take every step it could not to go out of business.
MR. DAVIS: Objection.
A. Well, that's -- I would hope so.
Q. And you knew that R.J. Reynolds is a relatively successful cigarette manufacturer, that despite the fact it had difficulties catching Marlboro it basically has remained the number two manufacturer of cigarettes in the United States; correct?
A. I don't know that. I just haven't kept up with that.
Q. How about in 1986 when you were with the company, where was RJR in terms of cigarette sales in

ranking in the United States at that time? Did you know that?
A. I don't know that. If I did, I sure don't remember it. I just wasn't concerned with that. That wasn't my job.
Q. Senior management of R.J. Reynolds, a company that's selling cigarettes, and you don't know where they sit in the marketplace?
MR. DAVIS: Objection.
A. I'd agree with that.
Q. You'd agree you just didn't know?
A. If I knew I don't remember knowing. It wasn't something that I was involved in.

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Q. Let's look under chart number 6. This states, "OUR TWO MAJOR BRANDS, WINSTON AND SALEM, SHOW COMPARATIVE WEAKNESS AGAINST MARLBORO AND KOOL AMONG THESE YOUNGER SMOKERS. WINSTON IS AT 14% IN THE 14 TO 24 AGE GROUP VERSUS MARLBORO AT 33%. SALEM IS AT 9% VERSUS KOOL AT 17%." So it appears that R.J. Reynolds is tracking its sales in this young age group as well; correct?

MR. McELVEEN: Objection.

A. I don't know whether they were tracking it or whether somebody else was tracking it and they read about it. I think somewhere earlier didn't they say

that -- the gist of it that I got was they didn't measure it, but from other sources they got the -- some figures in this area, so somebody --

Q. Suffice it to say that they knew what their share was of that underage market and were concerned about their -- their lack of share in that underage market; correct?

MR. McELVEEN: Objection. I think that mischaracterizes his prior testimony.

A. I don't know what they thought, sir.

Q. Well let's read the next sentence, the very last one at the bottom of the third page of this document. It says, quote, "THIS SUGGESTS SLOW MARKET SHARE EROSION FOR US IN THE YEARS TO COME UNLESS THE SITUATION IS CORRECTED."

A. Yeah.

Q. Doesn't it?

A. That's what it says, sure.

Q. And that situation is their lack of sales in this 14-to-24 age group; correct?

MR. DAVIS: Objection.

A. I'm not sure what it means. It means that they got to get some people to start smoking their brands.

Q. In that 24 --

A. I don't --

Q. In that 14-to-24-year-old age group?

A. I don't know that it means the 14 to 24. I never heard the 14-to-24 bracket until you showed me some stuff today that I recall.

Q. Let's go to the fourth page of this document.

A. Okay. Okay.

Q. They state that their strategy then is "THUS, OUR STRATEGY BECOMES CLEAR FOR OUR ESTABLISHED BRANDS: DIRECT ADVERTISING APPEAL TO THE YOUNGER SMOKERS WHILE...BEING TRUE TO THE BRAND'S BASIC PRODUCT ATTRIBUTES (E.G., TASTE FOR WINSTON AND REFRESHMENT FOR SALEM) AND WITHOUT ALIENATING THE BRAND'S CURRENT FRANCHISE"; correct?

A. That's correct.

Q. They are going to direct these established

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brands to the youth market to the extent they can; right?
MR. McELVEEN: Objection, calls for a conclusion.
A. Doesn't say that. Says "YOUNGER SMOKERS." To me, you're younger. You know, that doesn't establish an age group. I think they meant young adults probably.
Q. Well then they probably wouldn't have said 14 to 24, would they?

MR. McELVEEN: Objection, arguing with the witness.
A. I don't know.
Q. Now Camel filter, let's look on the -- the fifth page. Let's go down --
A. Wait, wait, wait. My page -- Mine aren't numbered.
Q. Neither are mine, sir, but you can count them out, I think.
A. One, two, three, four. That's the next page.
Q. It's also the fifth page.
A. Okay.
Q. Chart 11 is the camel filter advertising. Do you see that there at the bottom?
A. Yes, sir.
Q. It says, "CAMEL FILTER CONTINUES TO SHOW VITALITY IN THE MARKET, GROWING ABOUT 50% FASTER THAN THE INDUSTRY UNDER ITS CURRENT 'NOT FOR EVERYBODY' CAMPAIGN"; correct?
A. Yes, that's what it says.
Q. On the next page it states, "ADVERTISING AWARENESS HAS INCREASED AMONG PRIME PROSPECTS -- YOUNG ADULT MALES"; correct?
A. Yes, sir, says that.
Q. Then it says a "NEW PROGRAM FOR THE CAMEL

FILTER."
A. You skipped some, but okay.
Q. "STARTING IN JULY 1974, A NEW MARKETING PROGRAM WAS PUT INTO TEST MARKET -- TARGETED AT YOUNG ADULTS AND DESIGNED TO BE EVEN MORE COMPETITIVE AGAINST MARLBORO IN TERMS OF," dot, "NEW 'MEET THE TURK' ADVERTISING CAMPAIGN," dot, "NEW MARLBORO-LIKE BLEND IN THE PRODUCT," and, dot, "SIGNIFICANTLY INCREASE AD SPENDING"; correct?
A. That's what this says.
Q. Now --
A. Can I point out we skipped one dot in the paragraph above that defines share penetration among the key 18-to-24 male age group, so we are not talking about 14 to --
Q. Well, it's talking everywhere else but that one at 14 to 24; right?
A. I'm sorry.

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MR. McELVEEN: Objection, I think that mischaracterizes his prior statement.
Q. I'll tell you what, why don't we let the jury decide what you are talking about in this document.
MR. McELVEEN: Objection. This is not his document, he's testified.
A. Well, okay. That's what they are going to do

anyway.
Q. That's right. And if they think I've mischaracterized this document, I'm going to give them this document and let them decide for themselves. Okay?
A. That's all right with me, sir.
Q. Sounds fair, doesn't it?
A. I don't know.
Q. Now, in order to make this Marlboro-like blend, R.J. Reynolds ammoniated the tobacco for the Camel filter; correct?
A. Where does it say that?
Q. Well do you see where it says there is a "NEW MARLBORO-LIKE BLEND IN THE PRODUCT"?
A. Right.
Q. To get to that Marlboro-like blend, R.J. Reynolds added ammoniated tobacco to the Camel filter; correct?
MR. McELVEEN: Objection.
A. I don't know. All I know is what this says and --
Q. Let's go back to the document we previously marked as Plaintiffs' Exhibit 1062.
A. Okay.
Q. Does that statement in the fifth paragraph on

the third page, why don't you just read that for me; okay? Could you read that fifth paragraph on the first page for me, sir?
A. I think this was a document we -- I'll read it but I think it's a document we never identified, doesn't have an author or date, who wrote it to whom and what but I'll -- I'll read it to you.
Q. Let me address that issue real quickly. R.J. Reynolds has stated, has given the name of an author of this document, has stated the document was written sometime in 1981 and it was produced from RJR's files in exactly this condition; okay?
A. Then you know more about it than I do.
Q. Now, with that in mind, could you read that fifth paragraph?
A. "RJR introduced ammoniated sheet material in the Camel filter product in 1974. Better market performance was indicated in the subsequent years."
Q. Now, that new Camel, that Camel filter with ammoniated sheet, that's the Camel filter that R.J. Reynolds directed to the 14-to-24 market; correct?

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MR. DAVIS: Objection.
A. I don't know where you get that conclusion.
Q. Well, then let's take a look at Plaintiffs' Exhibit 1037. That's mine. This is a document

that's Bates stamp numbered 505775557.
A. Uh-huh.
Q. From a Mr. J. F. Hind to a Mr. C. A. Tucker dated January 23 of 1975; correct?
A. That's correct, I believe, uh-huh.
Q. States, "Our attached recommendation to expand nationally the successfully tested quote Meet the Turk end quote ad campaign and new Marlboro-type blend is another step to meet our marketing objective: To increase our young adult franchise"; right?
A. That's what this says, yeah.
Q. Says, quote, "To ensure increased and longer-term growth for CAMEL FILTER, the brand must increase it's share penetration among the 14-24 age group which have a new set of more liberal values and which represent tomorrow's cigarette business"; correct?
A. That's what this says.
Q. So it looks like you -- R.J. Reynolds manufactured a cigarette, Camel filter ammoniated tobacco, which would give the attributes we have talked about earlier, increased pH, increased free nicotine, and directed that cigarette directly at the 14-to-24-year-old age group; correct?

MR. DAVIS: Objection.
MR. McELVEEN: Objection, calls for speculation on the part of the witness.
A. Well, basically I never seen this document before. I don't doubt that it exists. But, I think we have a problem here. This guy, Jim Hind, I guess it is, he is stating a 14-to-24 age group, but -- but what was discussed with the board was this one I tried. They are talking about an 18-to-24 male age group, so maybe the board is overriding this document. Wouldn't you think that would be fair?
Q. The document that you are referring to uses the 14-to-24-year-old age group in numerous places, doesn't it, sir?
A. This one does, the so-called board presentation --
Q. Yes, sir.
A. -- uses it but it also uses the 18 to 24, so --
Q. In the first page it defines the young-adult market as the 14-to-24-year-old age group, doesn't it, sir?
A. I'd have to look back.
(Interruption by the reporter.)
(Recess taken from 3:38 to 3:46 p.m.)

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Q. I think the pending question was that on the first page of the document you have in front of you --
A. Well, I've got three. I guess you mean this one?
Q. Plaintiffs' Exhibit 1035.
A. Okay. I'm with you.
Q. It defines the young-adult market as the 14-to-24-year-old age group, doesn't it?
A. Uh-huh. It says in 1960 this young-adult market, the 16 to 24 age group.
Q. Fourteen to 24; right?
A. Excuse me. I'm sorry, I -- I don't see too well. Fourteen to 24 age group represent 21 percent of the population.
Q. So it defines that young-adult market as the 14-to-24 age group, right?
MR. DAVIS: Objection.
MR. McELVEEN: Objection, asked and answered.
A. It defines it several ways, I think. Like I -- I don't mean to repeat myself but I -- I never seen this before, don't know exactly who wrote it and what all.
Q. As part of your research into nicotine in the

1970s, you also came up with the notion that there was an opportunity for a new product that is a low-tar product with a regular or increased level of nicotine and a decreased tar-to-nicotine ratio; correct?
A. That was one of the notions that I thought about, sure.
Q. We previously mark as Deposition Exhibit 1087 --
A. Okay. Can we move these out?
Q. Yes, you can.
A. They go there.
Q. A document Bates stamp numbered 500790076 through 0784. This is a document you wrote; correct?
A. Let me look at it right quick, right quick, quick. Yes, sir, I believe that's true.
Q. This was a document that you wrote in -- on March 28 of 1972; correct?
A. It's dated then.
Q. Presumably that's when the final draft or the final version of this document was done; correct?
A. I believe it's -- I think there was a planning memorandum and I think this was basically maybe a later draft or something of that.
Q. This doesn't indicate in anyplace that it's a draft at all, does it?

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A. I couldn't tell you without reading over it. I don't see anything that says it's a draft.
Q. Why don't you read over it and see if there is anything that says this is a draft.
A. I don't believe this is a draft. I don't --
Q. It appears to be a final document; correct?
A. It seems to be but I think -- what I was trying to say is, I think there was an earlier draft of this that's called a planning memo in that series of planning memoranda.
Q. Okay. But apparently this is the final generation of that process for you; correct?
A. Well, I think this completes what I had to say about it, right.
Q. And this is directed to Mr. E. A. Vassallo; correct?
A. Yes, sir.
Q. And who was he at the time?
A. He was the vice president for R&D, I believe, '72, uh-huh.
Q. And Dr. Murray Senkus, who was the director of R&D; correct?
A. Director of R but not of D.
Q. So he was just the director of research at this time?

A. I believe that's true.
Q. Okay. And you entitled this memorandum "A GAP IN PRESENT CIGARETTE PRODUCT LINES AND AN OPPORTUNITY TO MARKET A NEW TYPE OF PRODUCT"; correct?
A. That's what it says here, sir.
Q. And again this is a document you generated in the ordinary course of business; correct?
A. This one I think is. The document that was based on was part of my blue sky personal planning, personal time.
Q. That 10 percent isn't personal time. That 10 percent is simply other times spent at R.J. Reynolds; correct?
A. Well, I wouldn't define it that way.
Q. And since your particular special skill is planning memorandum and since your responsibility at this time included planning memorandum, those planning memorandum would be part of those responsibilities; right?
MR. DAVIS: Objection.
A. I don't think so but --
Q. Well that's what you put in your resume that was done internally sitting there in R.J. Reynolds' files, done by you and signed by you; right?
A. Right. But resumes, you fluff up a little bit,

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you know.
Q. Even internally? Internally these are people that know you, there are people who worked with you 30-odd years in 1983. You don't need to fluff up a resume for those people, do you?
A. What people?
Q. That was an internal resume?
A. Where did it go? I think I read it and put it in my file.
Q. So you have a tendency to even fluff up stuff you yourself are going to use?
MR. DAVIS: Objection.
A. I don't think so.
Q. No. What you put in there was accurate information; right?
A. I guess so. I -- Like I say, I don't remember writing the thing. I certainly never considered -- I hoped but never considered planning was a main function, one of my main functions until much later.
Q. That's what you put in the memo?
MR. DAVIS: Objection.
A. Well, yeah, we agree on that.
Q. Okay.
A. That's what's in the memo.
Q. I want to make sure.

A. What it means, I don't know.
Q. You wrote it, presumably you know what it means.
A. I did then. I say I don't know --
Q. But you don't as you sit here today?
Now, you state here that a Study of the latest Maxwell Report in combination with the latest FTC Report, and other information, leads to the conclusion that there is a gap in present cigarette product lines, hence an opportunity to market a unique, new type of cigarette"; correct?
A. That's what this says, uh-huh.
Q. Apparently you saw and monitored the Maxwell reports; correct?
A. I saw them occasionally, I think. I wouldn't say I monitored them.
Q. And apparently you studied them; correct?
A. Excuse me, is there a question pending?
Q. Yeah. I said, you studied those reports, correct, or at least you studied this one?
A. I studied this one apparently, uh-huh.
Q. So apparently they were available to you and you knew where to find them if you needed them; correct?
A. I believe our library had them. You could go and read them. I'm not sure.

Q. And you could go to the library any time you wanted; right?
A. I guess so.

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Q. Nothing prohibiting you from going to the library, was there?
A. Unless it was closed.
Q. You said, "The gap exists because no significant is presently marketed that has both an acceptable level of nicotine and a 'tar'-to-nicotine ratio...of less than 13"; correct?
A. That's what it says, yes, sir.
Q. You say, "This study indicates," and I assume when you say "this study" you are talking about your study; right?
A. Well, let's for the time being say that's correct. I don't know.
Q. Okay. "This study indicates that the new type of cigarette should deliver 1.3 mg. of nicotine and 13 mg. of 'tar', hence would have a uniquely low and desirable T/N Ratio of 10"; correct?
A. Yes, sir, that's what it says.
Q. Okay. Why did you believe that was a desirable tar-to-nicotine ratio?
A. I imagine if you read on it will tell you. I don't remember exactly but --

Q. Was this one of the documents you looked at with your attorneys before this deposition?
A. I think this was in the stack that we looked at in about 30 minutes, flipped through, things that you had indicated that you wanted to question me about. I certainly didn't sit down and read it at the time.
Q. Was this one of the ones you took home with you?
A. No, uh-uh.
Q. Which ones, again, did you take home with you?
A. I don't remember. Beats me. Four, five, something like that.
Q. Can't remember which ones, though?
A. Not by title, not by whatever. I might remember some of them if I saw them again but I -- I couldn't sit down and give you a list of them, no.
Q. In the second paragraph you go on to say that "T/N Ratio is simply a way of expressing the number of milligrams of 'tar' a smoker must," and you underline "must," "receive per milligram of smoke nicotine"; correct?
A. That's what this says.
Q. In today's market, it is fair to assume that the smoker will choose the product which delivers the desired amount of nicotine with the least amount of 'tar', provides flavor and other qualities are good;

correct?
A. "Provided," not provided "provides."
Q. Provided flavor and other qualities are good; correct?
A. Yeah.
Q. "That is, at the desired nicotine delivery,

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calculated to be 1.3 mg., the smoker will choose the cigarette offering the lowest T/N Ration, if other qualities are satisfactory"; correct?
A. That's what it says, yes, sir.
Q. So you had a belief as of 1972 that the level of nicotine that is needed, the desired level of nicotine was 1.3 milligrams; correct?
A. No. I think that was calculated best, if you will give me just a second, let me look at this Maxwell report or something. I think I -- yeah, I -- I can't -- one of the numbers, I think I took the top 10 brands in sales from the Maxwell report.
Q. So you do remember this document fairly well, don't you, sir?
A. Yeah. I wrote it. I mean, I'm refreshing my memory right now.
Q. But you knew immediately where to go to in the document for that information; right?
MR. DAVIS: Just a minute, sir. You

interrupted him that time, Mr. O'Fallon. It cuts both ways.
A. If there is a Maxwell report, and that number is a calculated number, I remember that much and I'm trying to tell you. You asked me how I arrived at that number. Do you still want to know?
Q. Well I don't think I asked you how you derived -- arrived at it. I just asked you if you arrived at it. But go ahead, why don't you tell me.
A. Okay. Top of page 5.
Q. You found that real quickly.
A. Sure.
Q. Yeah.
A. Only five pages back when I was flipping.
Okay. Table 1, combined data from Maxwell and FTC reports. I took, I guess, what appears to be the top 10 brands in sales, which I believe would have come out of the Maxwell report, and then out of the FTC tables, which are -- I don't know whether they are here or not. Probably aren't. I took the -- each brand's tar and nicotine and calculated the tar-to-nicotine ratio. All right. If you take the milligrams of nicotine column and go down, the average for the top-10-selling cigarettes was 1.33 milligrams, and that's what I -- that's a -- you

know, a calculated number, but somewhere to start. And the range there, I believe, is -- they go from 1.19 to 1.82, so -- no, .96 to 1.82, so this is strictly an average number. It's -- it has no other significance that I know of. That's how I got -- that's how I got to the number.
Q. Well the significance is that you are using it to propose a new product; correct? You are using that number as a bench mark to propose a new product;

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right?
A. Yeah. But I -- I assume in there I told where I got it and somebody with more sophisticated statistics and numbers and all might get to a different number. I just don't know.
Q. Did anybody get to a different number?
A. I don't think they ever got to this number.
Q. Did they get to a different number? Did somebody ever study the optimum level of nicotine that a smoker needed?
A. I don't know. I really don't. If they did, I don't remember it, but somebody could have and I didn't even know about it.
Q. Did anybody else in the research department investigate during the time period you were there this optimum level of nicotine that was needed?

A. No. I think this -- this is the way I arrived at the so-called optimum nicotine level. It's strictly an average of nicotine in the top selling 10 brands, which is the bulk of the market, I would think.
Q. So?
A. It's real simple.
Q. So the result is that so far as you know you were the only person in R.J. Reynolds' research department that actually sat down and calculated this optimum level of nicotine and arrived at this figure?
A. Didn't a calculate them. I had one of my guys calculate it for me. He had a new, one of the first little pocket calculators.
Q. Well you used the number in your memo, didn't you, sir?
A. Sure did, sure did.
Q. You adopted it and accepted it as a valid number; correct?
A. It's valid in terms of the way I defined I got it. Anybody looking at it would certainly know it wasn't the gold standard.
Q. It was the only standard RJR had at the time, correct, so far as you knew?
MR. McELVEEN: Objection, calls for a

conclusion.
A. I don't know, I don't know what Reynolds had or didn't have. I know this is -- this is what I used and I think I've described to you how I got to it and I wouldn't dignify it with any more --
Q. Let's go over to page 3.
A. Page 3?
Q. Yes.
A. One, two, three. Okay.
Q. And we have talked before about how smokers smoke for nicotine satisfaction; correct?
MR. McELVEEN: Objection, I think that

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mischaracterizes his testimony.
A. I don't know. Have we?
Q. You don't recall us talking about how smokers smoke for nicotine?
A. Not specifically.
Q. You believe smokers smoked primarily for nicotine?
A. I don't now. At one time I think I used the generally accepted belief that nicotine was a sine qua non of smoking. I wouldn't really subscribe to that today.
Q. Let's go to the second paragraph of page 3.
A. Sure.

Q. Again this is a final report; correct?
A. This is what?
Q. This is a final report directed to the highest levels of the company; right?
A. Well, I wouldn't say it's the highest level. It's to a higher level but I don't think Ed Vassallo was in the --
Q. There was only one person on top of Ed Vassallo, wasn't there? He is the vice president. As far as I know, there is only a president on top of a vice president?
MR. DAVIS: Objection.
A. Is that a question?
Q. Is your knowledge contrary to that?
A. I think there was an executive vice president.
Q. Who was that?
A. I couldn't tell you.
Q. You have testified you think there was one there. Don't you remember who it was?
A. I'm not good on names. I remember he died but I can't tell you what his name is.
Q. There was only one?
A. Well, I can't say that either. I just -- I wasn't all that familiar with the upper reaches of the company.

Q. Again someone yourself as a senior management, you really didn't know anything about those people on top of you?
MR. DAVIS: Objection.
A. Yes and no.
Q. You state, quote, "I believe that for the typical smoker nicotine satisfaction is the dominant desire, as opposed to flavor and other satisfactions"; correct?
A. That's what this says, uh-huh.
Q. "There are wide varieties of food, beverages and confections from which a variety of flavors and other satisfactions" can be obtained --
A. "May be obtained."
Q. -- "may be obtained, if that were the dominant

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desire, but tobacco products alone provide nicotine satisfaction -- therefore, that is the primary reason smokers smoke"; correct?
A. That's the premise.
Q. What the smoker basically wants, I believe, is nicotine satisfaction accompanied by acceptable flavor and mildness; correct?
A. That's what this says.
Q. Therefore, in designing any cigarette product, the dominant specification should be nicotine

delivery; correct?
A. That's what it says.
Q. And again this is consistent with the notions we have seen in a number of your documents, correct?
MR. DAVIS: Objection.
Q. Let's go on to the next page, page 4.
A. Uh-huh.
Q. Let's go down to the third paragraph.
A. Okay.
Q. You state: In today's market it is reasonable to believe that, given the choice, the typical smoker will choose and use the cigarette which delivers the desired -- delivers the desired, required amount of nicotine, with satisfactory flavor, mildness and other attributes, accompanied by the least amount of 'tar'; correct?
A. That's what it says, yes, sir.
Q. "That is, at the desired nicotine delivery, established above at 1.3 mg. per cigarette, the smoker should choose the product offering the lowest T/N Ratio, with other satisfactory qualities." Now, you believed it was possible to produce this cigarette with this decreased tar-to-nicotine ratio; correct?
A. I thought it probably was, I guess. I don't

know.
Q. Why don't you look at page 6.
A. Where?
Q. The first sentence in the first paragraph -- in the second paragraph, the first full paragraph. It says, quote, "With our evolving new research technology, I believe it is possible to manufacture a high quality cigarette which will deliver 1.3 mg. of nicotine at a uniquely low T/N Ratio of 10, meaning it will deliver 13 mg. of 'tar'"; right?
A. That's what this says, uh-huh.
Q. Okay. And what were those technologies, sir?
A. I was sitting here wondering myself. I just don't remember.
Q. You don't remember?
A. No, I don't.
Q. Let's look on page 7 of the memo.
A. Okay.

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Q. Discussions and recommendations, let's look at the second paragraph.
A. Huh.
Q. Again, you state, quote, "In theory, and probably in fact, a given smoker on a given day has a rather fixed per hour and per day requirement for nicotine"; correct?

A. That's what it says.
Q. Thus, each smoker is smoking to obtain that dosage; correct?
A. Well, you skipped something.
Q. I haven't skipped anything. I'm asking you the question without looking at the --
A. Excuse me.
Q. I'm asking you the question isn't that true?
A. I'm sorry, I was looking for what I thought you were reading and you weren't reading so --
Q. No, I'm asking you --
A. Would you re-ask? I lost it.
Q. In other words, smokers smoke for a dosage of nicotine; correct?
MR. McELVEEN: Objection, I think you mischaracterize his previous testimony.
A. I don't know.
Q. You don't know?
A. No.
Q. You don't think there is a certain amount of nicotine every smoker needs every time they light up that cigarette?
MR. DAVIS: Objection.
A. I can't imagine that it would be.
Q. Really. Well then how come you said in theory

and probably in fact a given smoker on a given day has a rather fixed per-hour and per-day requirement for nicotine? Isn't that the same concept, sir?
A. Starts out saying "in theory."
Q. "And in fact."
A. "And probably in fact."
Q. So you are stating to the upper management that probably in fact a smoker has that level, that desire, that certain requirement for a fixed amount of nicotine.
A. Well --
MR. DAVIS: Objection.
A. It says what it says and I -- you know, I'm not --
Q. It also says that "Given a cigarette that delivers less nicotine than he desires, the smoker will subconsciously adjust his puff volume and frequency, and smoking frequency, so as to obtain and maintain his per hour and per day requirement for nicotine (or, more likely, will change to a brand delivering his desired per cigarette level of

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nicotine)"; correct?
A. There is no way I could know that or anybody else. I mean --
Q. You wrote it.

A. I know I did but it's a premise and a theory and a suggestion.
Q. In fact, what you are setting forth in those two sentences is the notion of smoker compensation, isn't it?
A. We don't pay smokers.
Q. You know what smoking compensation is, don't you, sir?
A. No. I'm not familiar with the term.
Q. You know that smoker compensation or nicotine compensation refers to the fact that the smokers of low-tar cigarettes and low-nicotine cigarettes will actually smoke those cigarettes differently in order to increase their intake of nicotine in order to achieve this desired level that they need every day; correct?
A. I don't know that to be true.
Q. That's what you are stating here, isn't it, sir?
A. No.
Q. That's what you state.
A. No.
Q. You state, "Given a cigarette that delivers less nicotine than he desires, the smoker will subconsciously adjust his puff volume and frequency, and smoking frequency, so as to obtain and maintain

his per hour and per day requirement for nicotine."
A. So.
Q. That's exactly what smoking compensation is, isn't it?
MR. DAVIS: Objection.
A. I don't know. I already testified, I think, I'm not familiar with the term "smoking -- smoker, smoking compensation.
Q. Nicotine compensation, you never heard the term "compensation" as it regards smokers and their ability to adjust their intake of smoke to achieve a certain nicotine level, you never heard of that concept before?
A. I've heard of the concept but I've never called -- what did you call it --
Q. You never heard it called compensation?
A. I don't --
Q. What did you hear it called?
A. I don't think I remember hearing it called anything. That was a -- I'm sorry, I've got a memory gap there.
Q. You understand that if -- if a smoker smokes a cigarette differently and increases his intake of nicotine, he will also increase his intake of tar;

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1 A. Maybe, maybe not. I just don't know. I mean --
2 Q. Is it your testimony that you can smoke a
3 cigarette and increase your nicotine intake from that
4 cigarette without increasing your level of tar?
5 A. Depends on what the cigarette is, how it's made,
6 what kind of filter, whether it has air dilution or
7 not, filter dilution, blend. I mean, I don't know.
8 Q. But any cigarette at some level is going to put
9 a smoke outside of that cigarette that's delivering X
10 amount of nicotine and X amount of tar; right?
11 A. On a given puff.
12 Q. And that's going to be a certain level and if
13 you are going to increase that level of nicotine from
14 that given cigarette by taking in more smoke, in
15 order to take in more nicotine you have to take in
16 more tar because in essence you have to take in more
17 smoke; isn't that true?
18 A. Wrong. Depends on which puffs you have, smoke,
19 tar/nicotine ratio I believe would change from the
20 first puff to the last puff. The last puff would be
21 richer in nicotine, I believe, best I remember.
22 Q. But the point is that you can't get more
23 nicotine without getting more tar, can you, sir?
24 A. Yeah, I just told you.
25 Q. You think -- okay. That's great because I

1 think --
2 A. Can I finish?
3 Q. Sure.
4 A. The first puff I think is pretty low in
5 nicotine, high in tar. As you smoke it down -- I'm
6 going back a long time -- I think the nicotine is
7 distilled down the -- the remaining part of the
8 cigarette and the last several puffs would contain a
9 lot of the nicotine whereas the tobacco having
10 absorbed a lot of tar would be a better filter for
11 tar, nicotine presumably being more in the vapor
12 phase and tar in the particulate phase. Then, you
13 know, you get -- well, I guess you -- you'd have to
14 be a smoker to understand that but that is certainly
15 the case.
16 Q. So if, for instance, a CEO from R.J. Reynolds
17 stated to congress that nicotine always follows tar,
18 it would be your testimony that would be inaccurate
19 testimony; correct?
20 MR. DAVIS: Objection.
21 A. That's a purely hypothetical question that I
22 don't really have an answer for.
23 Q. Let's assume that that hypothetical took place.
24 What's your answer?
25 A. Well, that's a question, then, based on

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assumption.
Q. Yes, it is.
A. I don't know.
Q. Is that a true statement or non-true statement, sir?
A. What statement? My statement?
Q. That tar and nicotine always follow one another. Is it your testimony that's an untrue statement?
A. It depends on whether you are talking a first puff. I started out saying it all depends on who is smoking, how many puffs, the composition, what kind of filter, what kind of dilution, so it could be true, it might not be true. I just don't know. I really don't know.
Q. Well if it's just made as a blanket statement, then I take it that your testimony would be it's untrue as a blanket statement.
A. Well, I don't know.
MR. DAVIS: Objection.
A. I don't fairly agree with that, either.
Q. You believed at the time you wrote this memo that you had the ability within RJR to manipulate the tar-to-nicotine ratio; correct?
A. I think in the laboratory we had the capability

of doing it. I don't know whether they could do it in production or not.
Q. Well, didn't you think that if you could do it in the laboratory you could probably do it in production?
A. No.
Q. RJR just didn't have that kind of technical expertise to take laboratory work and make it work in production?
A. Well, you also got to sell them.
Q. You are saying there is a gap in the market. That's why you are writing this particular memo; right? You are saying, hey, folks, here is a gap in the market. By goodness there is a gap in the market for a lower tar-to-nicotine ratio cigarette and we should go get that, get that market; right?
A. I didn't say that. You said it.
Q. Isn't that -- isn't that the general gist here of your particular document?
A. Well, I wouldn't necessarily state it the way you did.
Q. Well, how would you state it, then?
A. Well the way I did here.
Q. But isn't that the gist of your document?
A. Well, just read what it says. That's what I

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said and, you know, that was a long time ago so I'm not going to --
Q. Well the fact it was a long time ago doesn't make it less true, does it?
A. Well, we discover new things but, you know -- show me where this says that and --
Q. Isn't that the general concept you are setting forth here, sir?
A. Well read it. It says what it says, sir. You are elaborating on that. Again, I don't mean to be unresponsive but I just, you know --
Q. Did RJR in fact ever produce a cigarette while you were in research and development or after that had this reduced tar-to-nicotine ratio?
A. Produce, what do you mean by "produce"?
Q. Manufacture.
A. Sell, do you mean?
Q. Sure.
A. Put a product out?
Q. Sure, "sell" is a good word, let's use "sell."
A. If they did, I'm not aware of it.
Q. So as far as you know, they didn't take your advice on this?
A. I don't think they ever produced a product. If they did, I'm not aware of it. Or produced and sold

a product.
MR. O'FALLON: Let's mark this as the next exhibit.
(Plaintiffs' Deposition Exhibit 1099 was marked for identification.)
(Discussion off the stenographic record.)
BY MR. O'FALLON:
Q. Before we go on to this document, you would agree that if a smoker can alter the way they smoke a cigarette to obtain varying amounts of nicotine that the FTC nicotine numbers are really meaningless; correct?
A. I don't think they were ever intended to represent any given smoker. They were intended to be comparable among each other. There are so many smokers and so many products and so many things, I don't think you could ever.
Q. Did R.J. Reynolds ever state that publicly to the smoking public?
A. I don't know, sir.
Q. Do you think a responsible cigarette company who holds that kind of information, who knows that the tar and nicotine numbers that it's printing on the packages mean really nothing should pass that information on to the smokers?

MR. DAVIS: Objection.
MR. McELVEEN: Objection. Calls for a conclusion on the part of the witness, misstates the

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prior testimony.
A. I don't know, sir.
Q. As a smoker, when you buy a cigarette, wouldn't you hope that you are going to actually get the amount of nicotine and tar that's stated on the label?
A. I don't think so.
Q. You don't?
A. I think you -- I think it's there, if you had two or three brands you could compare them.
Q. Well presumably if you picked one with the lowest level of nicotine you would assume in fact you are going to get the lowest level of nicotine actually when you smoke it; correct?
A. I don't know what you'd assume. It's a very hypothetical question.
Q. But it's an --
A. I don't think --
Q. -- important question?
A. To you, maybe. I don't think that anybody that knew anything about FTC methodology would claim that it was representative of any one smoker. It was a

way to compare brands. I think they did, you know, people, FTC people had a -- a lot of trouble defining how to set it up and everybody realized it was an arbitrary method.
Q. When you say "everybody," you are talking about everybody --
A. The public.
Q. -- in the cigarette industry. The public certainly never knew that, did they?
MR. DAVIS: Objection.
A. I don't know whether they did or not. I assume they probably did.
Q. The public certainly didn't know the FTC numbers mean nothing.
MR. DAVIS: Objection.
MR. McELVEEN: Objection. That misstates the prior testimony.
A. I think I read that, just about what I said in popular --
Q. Where?
A. -- journals or something.
Q. Where?
A. I couldn't give you -- I read the -- used to read a little bit of everything. I couldn't possibly tell you where. Certainly wasn't a secret. If

anybody wanted to inquire about it, I'm sure they could have gotten an answer. I think a lot of people were saying just what you are saying and other people were saying no, no, no, it's meant to categorize different brands of cigarettes, that some presumably on a set, standard, artificial test, they can say,

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you know, this one has higher nicotine than this one under those smoking conditions.
Q. At least we can agree you as the cigarette industry knew the FTC tar and nicotine numbers really didn't reflect what a smoker would actually receive from any given cigarette; correct?
MR. McELVEEN: Objection to the characterization of Dr. Teague as "the cigarette industry."
A. Exactly. I don't represent the cigarette -- I knew it. I assume -- Again, I would insist that was in the public press.
Q. But you don't know where?
A. No, of course I don't.
Q. You can't cite to me any article?
A. If you want to, and look, I'd bet you some money you could find it.
Q. You can't cite me -- you are the one who is --
(Interruption by the reporter.)

Q. You can't cite me any article; right?
MR. DAVIS: Sitting here today.
A. Sitting here today? No.
MR. O'FALLON: Who is asking the question, you or me?
MR. DAVIS: You are and I'm clarifying your question, sir. He has asked -- answered that question. He's answered your question several times on this point. You don't like his answer, I know.
MR. O'FALLON: Apparently neither do you.
MR. DAVIS: Oh no, I'm satisfied with his answer. I think he has answered truthfully.
MR. O'FALLON: Again that's Mr. Davis, Mr. Teague's attorney, paid for by RJR.
MR. DAVIS: Is there anything wrong with that? Just a minute, Dr. Teague.
Is there anything wrong with that, sir?
MR. O'FALLON: Just stating it for the record, making sure the record's clear, because they can't see who is making the objection so I think its important --
MR. DAVIS: You made a comment I'm paid by RJR several times. Do you think there is anything wrong with that?
MR. O'FALLON: It's not up to me to decide.

MR. DAVIS: Do you think there is anything wrong with it?
MR. O'FALLON: It's not up to me to decide.
MR. DAVIS: Are you inferring there is anything wrong with it?
MR. O'FALLON: It's not up to me to decide.
MR. DAVIS: You know, sir, there is not one thing wrong with that.
MR. O'FALLON: You have now made your

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record. Thank you.
BY MR. O'FALLON:
Q. Now in fact you did produce in marketing a cigarette that had an altered tar-to-nicotine ratio; correct?
A. Who did?
Q. You.
A. Me personally?
Q. Your department.
A. I sure -- produced it in marketing?
Q. I'm sorry. You produced it, your department produced a cigarette with an altered tar-to-nicotine ratio, didn't it?
A. Best I remember, we -- they handmade some cigarettes and we didn't have capacity to produce, you know, production quality cigarettes in research.

Q. Did I say you did?
A. No. But I'm just saying we didn't.
Q. Okay. But did you have the ability to make prototype cigarettes; right?
A. Very crude, yeah, sure.
Q. Okay. And you did that, you did make a prototype cigarette --
(Interruption by the reporter.)
Q. You did in fact make a prototype cigarette that had an altered tar-to-nicotine ratio; correct?
A. I don't remember whether we did or did not. I assume we probably did.
Q. Why don't you take a look at what's been marked as Plaintiffs' Exhibit 1099, a document Bates stamp numbered 500790796. Have you seen that document previously?
A. Previously to when? I guess I read it, presumably I got it. I don't remember it.
Q. Did you write this document, sir?
A. Oh, I thought it was to me. Excuse me. Okay. This says, "We made a prototype, simply to demonstrate that it could be done."
Q. Sir --
A. Wasn't that what you asked me?
Q. My question, sir, is: Did you write this

document?
A. I assume that I did. That's certainly my signature.
Q. Okay. So you did write this document and you wrote this document on July 18th of 1973; correct?
A. Well, that's the date it was typed, I guess, yes, sir.
Q. And you wrote it to Mr. Blevins, who is in marketing research; correct?
A. That's right, uh-huh.
Q. You state in the first paragraph that "This is the file and history on the idea we had with

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cigarette with full nicotine satisfaction but sharply reduced 'tar'"; correct?
A. That's what it says, yes, sir.
Q. It says, "Because it relates to our recently enhanced role of nicotine pH, etc in selling cigarettes, it may be of interest to you at this time"; correct?
A. That's what it says.
Q. You state, since the memo was written, we have seen the emergent -- emergence of various quote light end quote variants and they do go in the direction we had suggested -- but not all of the way; correct?
A. Yes, sir, that's what it says.

Q. It was your understanding that there were cigarettes on the market that had altered tar-to-nicotine ratios?
A. This would imply that -- that there were some, that they do go in the direction, but not all the way.
Q. You state, quote, "We made a prototype, simply to demonstrate that it could be done"; correct?
A. Yes, sir, that's what it says.
Q. You say, "I stayed on a carton for a week and found them a surprisingly good -- and that is a big switch for a CAMEL smoker"; right?
A. That's what it says.
Q. It says, "As the data shows, they delivered 13 mg. 'tar' and 1.2 mg. nicotine at an average maximum pH of 6.6"; correct?
A. That's what it says, yes, sir.
Q. So this cigarette would have a tar-to-nicotine ratio of not quite 10 but pretty close to 10; correct?
A. Well, depends on what you call "close." I don't know. Somebody better at math can run it out. You can get exactly what it was.
Q. Now it would be a little bit over 10; right?
A. Well, I think we were saying back in that table,

the Maxwell report table, showed you that the average nicotine -- the tar was 1.3 so one-tenth of a milligram isn't a major reduction in my book.
Q. I'm talking about here the ratio, the tar-to-nicotine ratio, not the amount of tar.
A. Well the ratio is derived from the amount of nicotine and amount of tar, isn't it?
Q. I understand that but what you were recommending they shoot for at that time was a tar -- excuse me -- was a tar-to-nicotine ratio of about 10; right?
A. Yes, sir.
Q. The tar-to-nicotine ratio, the average tar-to-nicotine ratio existing at the time you wrote your earlier memo in 1972 was about 15; right?
A. I don't remember. I'd be glad to look at that.

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Okay. What, now, the average tar?
Q. To nicotine ratio.
A. I'm sorry, this is blanked out on my copy here. I can't read it. Do you have a number there? Well, I still can't read it. Fifteen point something. You know, it would be easy enough to verify if you want to run the numbers and get the average.
Q. Well can we agree that basically the average tar-to-nicotine ratio in 1972 for the 10 leading brands was about 15?

A. I think that was my thesis, wasn't it?
Q. Right. And again what you were trying to produce and what you were advocating was a cigarette with a tar-to-nicotine ratio of about 10; right?
A. About 10.
Q. And that's what you produced as evidenced by this July 18, 1973 document; correct?
A. I think that's right. We made a prototype.
Q. Right. You said these were prototypes only and could, of course, be developed and perfected; right?
A. Right. But I would point out this is -- we didn't hit the -- the ratio of 10.
Q. But you were pretty close?
A. We are in the ball park.
Q. Sure, sure.
A. Okay.
Q. You are substantially under 15.
A. I would guess so, yeah.
Q. And what you are saying here is that if you wanted to, if R.J. Reynolds wanted to, you think you could, of course, develop and perfect the cigarette; correct?
A. Well, we say it's at least theoretically possible.
Q. Well, first all, you say -- let's be clear about

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C O N F I D E N T I A L

what the document says. As to the prototypes, you state, quote, "These were prototypes only and could, of course be developed and perfected"; correct?
A. You are on what -- what paragraph are you in? I'm sorry.
Q. Sir, I'm in the second paragraph.
A. Okay.
Q. The sentence we have been talking about here. You state, quote, "These were prototypes only and could of course be developed and perfected"; correct?
A. Yes. Said we made a prototype simply to demonstrate it could be done. Is that --
Q. Then you go forward and state that, quote, "These were prototypes only and could" --
A. Okay, I'm with you.
Q. -- "of course be developed and perfected"; right?
A. I'm with you now. I thought you said you were

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in the second paragraph and this is in the third, as I count. Okay. No problem.
Q. Okay?
A. Yeah.
Q. Then you state, because you latched onto the word "theoretical," you state, quote, "With what we know now, it is at least theoretically possible to

get even higher nicotine satisfaction from this type of system by increasing smoke pH -- hence Tar/ Nicotine Ratio could possibly be reduced below 10"; correct?
A. That's -- that's what it says.
Q. Okay. You then state, "As I indicated to you, this notion has been looked at by Management -- apparently with some interest -- but got lost in the shuffle when Marketing was in a state of transition"; right?
A. That's what it says.
Q. "I still think the approach has merit," you state, "and should be pursued."
A. Yes, I said that.
Q. "Under the existing rules of the game, we (Research) are not in the prototype or product business," so what I am really -- "so what I am trying to sell here is really an idea."
A. That confirms what I told you earlier. We don't do products in product development, we just -- we basically have an idea and --
Q. And you let other people perfect the idea.
A. Well, it says what it says, I think pretty clearly.
Q. And R.J. Reynolds had those other people who

were capable of perfecting those ideas; correct?
A. I don't know. We had a lot of good people that could do a lot of good things. I don't know whether -- you see, I'm not sure the idea could be perfected, no matter how skillful someone was.
Q. Well you sure didn't say that here in this memo, did you?
A. I don't think it's necessary. That's fairly obvious, isn't it?
Q. I don't know. You are the expert. If you thought -- if you thought --
A. I'm the expert?
Q. Were you in the habit of proposing ideas, at least at this stage? I mean you have done a prototype and now you are really trying to move the idea further. Would you have proposed moving that idea further if you thought it would fail?
A. I thought it was what?
Q. Fail, if you thought it would fail.
A. Oh, a lot of things we propose we know they may or may not succeed. That's -- that's the game. You

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put out brands that get all the way through product development and NFO testing that fail.
Q. But we are not talking about going all the way to the sales point at this point. I'm just saying

you believed at the time that technically RJR could produce this type of a cigarette.
A. I think I felt that they probably could, as a prototype.
Q. Whether it would ultimately be successful or not, you wouldn't know until you actually test marketed it; correct?
A. Well, test market don't tell you that either, you just have to put it out and see.
Q. In any event, one of ways that you could make this new low-tar cigarette with this altered tar-to-nicotine ratio, this manipulated ratio, would be to use ammonia and alter the pH?
A. I don't see where I say anything about ammonia here.
Q. Well that's one way of altering pH, isn't it, sir?
A. It may-- that's one but there are others -- I don't know which one -- excuse me. I keep interrupting. I'm sorry, yeah. I don't mean to. Go.
Q. Ammonia is one of the ways that R.J. Reynolds ultimately chose to manipulate the pH level; correct?
MR. McELVEEN: Objection, I think that calls for a conclusion on the part of the witness.

A. I guess so. I don't know.
Q. Again that's what we have seen in documents we have looked at; right?
A. I believe we -- we talked about the Camel filter, at least the 1972 or '3 or '4, Camel filter, and said, some report said it had -- contained some ammoniated something, tobacco stems, whatever.
Q. A Camel filter was not a low-tar cigarette; right?
A. I don't know. I really don't. I never smoked them. I just wasn't that the much up on them.
Q. You weren't -- you said right here you are a confirmed Camel smoker.
A. Right. That's a regular 70-millimeter Camel. You probably don't remember them. They are the short ones.
Q. No, I actually do.
A. Doesn't have a filter on it.
Q. That's what you smoked.
A. That's what I smoked.
Q. Is it your testimony the Camel filter was a low-tar cigarette or not?
A. Well, I don't mean to be picky but what -- how do you define a low-tar cigarette, lower than what?

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Q. How do you define it, sir?

A. I'm not sure I do.
Q. You didn't have a definition of a low-tar cigarette?
A. No.
Q. Well in this 1973 memo you used the word light variance. How did you define the word "light"?
A. Light?
Q. Yeah. It's in your memo.
A. I think by light I meant lower tar than the Winstons, Marlboro family of things like that.
Q. Was Camel a, quote, light cigarette?
A. Which Camel?
Q. Camel filter in 1975.
A. I honestly don't know. I don't think I was that involved with it.
Q. In any event, RJR started designing it's low tar products, it's light products with ammoniated sheet beginning in 1974, didn't it?
A. I don't know.
Q. And you state in your memo of 1973 that what you are setting forth here, this new tar-to-nicotine ratio plus this alteration of pH --
A. Uh-huh.
Q. Is one way to -- one of the best ways to exploit nicotine satisfaction; right?

MR. McELVEEN: Objection. I think that mischaracterizes his testimony and the document.
A. I don't think I said that. Did I? Show me.
Q. Let's look at the last line. It stays, quote, "Hope this may be of use to you as we look at the best ways to exploit nicotine satisfaction."
A. Right.
Q. So you are saying this is one of the ways to do that; right?
A. A possible way.
Q. One way.
A. Possible way.
Q. A way that you would at least test it to the prototype stage; correct?
A. I don't know that the prototype was exploiting nicotine satisfaction. It was making something -- trying to get to a tar/nicotine ratio of 10.
Q. In any event, RJR ultimately used ammoniated sheet material in it's low-tar products; correct? Why don't you look at --
A. I don't know whether they did. They made a bunch of low-tar, lower-tar products over the years.
Q. Why don't you read paragraph 6 of Exhibit 1062 for me.
A. Well, first of all, I'd have to give you the

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same objection I did before. I don't know where this document came from. I think as far as I know today's the first time I've seen it so I -- I'm really not -- it probably says what it says. Now, where did you want me to --

Q. Sixth paragraph.

A. Sixth? "Low 'tar' products at RJR were designed with ammoniated sheet material beginning in 1974." Okay.

Q. Again, one of the results of the use of that ammoniated sheet material would be increased pH, increased free nicotine and increased physiological impact; correct?

A. I think we have about worn that one out already, you know.

MR. McELVEEN: Objection for the record, mischaracterizes his prior testimony.

A. That's such a general question, if I answered yes, no or maybe, probably maybe is the best answer I could give you.

MR. O'FALLON: We'll stop for today.

THE REPORTER: Off the record.

(Deposition adjourned at approximately 4:41 o'clock p.m.)

C E R T I F I C A T E

I, David A. Campeau, hereby certify that I am qualified as a verbatim shorthand reporter; that I took in stenographic shorthand the foregoing deposition of CLAUDE E. TEAGUE, JR. at the time and place aforesaid; that the foregoing transcript, Volume III, consisting of pages 254 - 401, is a true and correct, full and complete transcription of said shorthand notes, to the best of my ability; that the noticing party has been charged for the original transcript, and that ordering parties have been charged the same rate for such copies of the transcript.

Dated at Winston-Salem, North Carolina, this 10th day of July, 1997.

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SIGNATURE PAGE

I, CLAUDE E. TEAGUE, JR., the deponent, hereby certify that I have read the foregoing transcript, Volume III, consisting of pages 254 - 401, and that said transcript is a true and correct, full and complete transcription of my deposition, except per the attached corrections, if any.

(Please check one.)

____ Yes, changes were made per the attached (no.) ____ pages.

____ No changes were made.

_____
CLAUDE E. TEAGUE, JR.

Sworn and subscribed to before me this day of , 199__.

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Notary Public

My Commission expires: (DAC)

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